

COMPREHENSIVE ANNUAL FINANCIAL REPORT

LOUISVILLE-JEFFERSON COUNTY METRO GOVERNMENT LOUISVILLE, KENTUCKY



Fiscal Year Ended June 30, 2004

JERRY E. ABRAMSON
Mayor

Prepared by:
Department of Finance

JANE C. DRISKELL
Chief Financial Officer



**OFFICE OF THE MAYOR
LOUISVILLE, KENTUCKY**

JERRY E. ABRAMSON
MAYOR

January 31, 2005

To Fellow Citizens of Metro Louisville:

I am pleased to present the Comprehensive Annual Financial Report of Louisville Metro Government for the fiscal year ended June 30, 2004. The report reflects a government that is financially strong. Louisville Metro government has met the service needs of the citizens while simultaneously ensuring that a strong financial condition is maintained. We have made steady progress on the goals for Metro Government: to bring us together; keep us safe; promote educational attainment; retain, expand and attract better jobs; strengthen neighborhoods; and improve quality of life.

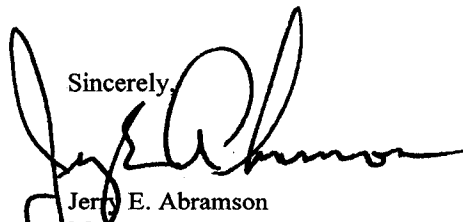
Metro government continued its emphasis in capital investment, spending \$25.7 million in fully funded capital programs to maintain and improve its many parks, buildings, facilities, streets, sidewalks, trees, and related infrastructure amenities. The renovated state-of-the-art Iroquois Amphitheatre re-opened for its first season this year. The amphitheatre is expected to provide revenue through rentals for concerts, theatre and other performances. Additionally, construction began on the new \$48 million Muhammad Ali Center and garage.

Capital investments were made in several significant downtown initiatives. These investments included the near completion of construction of 4th Street Live, a downtown entertainment project on the site of the old Galleria, and the continued construction on the upscale Louisville Marriott Downtown Hotel project. The downtown area also saw near completion of Waterfront Park Place condominiums along with the commercial space redevelopment near Slugger Field.

During the past year, the City has delivered quality services, enhanced public amenities and made strides in economic development and job creation, all within existing revenues. As a result of prudent fiscal management, the undesignated fund balance at the close of fiscal year 2004 was \$64.2 million, or approximately 14 percent of total general fund expenditures including transfers.

This is the second annual report issued for the consolidated government, as the City of Louisville government and Jefferson County government merged forming Metro Louisville on January 6, 2003. During this first full fiscal year of Metro Government, we continued to focus on a new government that is more effective, efficient and responsive to the residents we serve in our hometown. As we prepare for the future, the report reflects a government that remains financially sound. In fact, one credit rating agency recently upgraded the outlook in the credit profile from stable to positive and affirmed our strong credit rating. The new Louisville is among the highest rated communities in the country for its financial management and soundness. Most importantly, though, our commitment to the Metro Louisville taxpayers is to provide quality essential public services within the existing revenue base. This year's financial report demonstrates the success of that commitment, while steadfastly making progress on a plan to help reinvent government so that we are better positioned to serve a larger, more diverse community.

Sincerely,



Jerry E. Abramson
Mayor



LOUISVILLE, KENTUCKY

LOUISVILLE METRO FINANCE DEPARTMENT

JERRY E. ABRAMSON
MAYOR

January 31, 2005

JANE C. DRISKELL
CHIEF FINANCIAL OFFICER

To the Citizens of Metro Louisville:

As Chief Financial Officer for the Louisville / Jefferson County Metropolitan Government (Metro Government), I have the distinct pleasure of submitting the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2004. This is the second CAFR issued for Metro Government under the first full fiscal year of the new merged government. On January 6, 2003 the Jefferson County Fiscal Court and the City of Louisville Governments merged and formed a new entity called the Louisville / Jefferson County Metropolitan Government.

As Chief Financial Officer for Metro Government I have overseen completion of the CAFR. Responsibility for the accuracy, completeness and fairness of the data, including all disclosures, rests with the management of Metro Government. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to report fairly the financial position and results of operations of Metro Government. All disclosures necessary to enable the reader to gain an understanding of Metro Governments financial activities are included.

The CAFR is presented in three sections: introductory, financial and statistical. The introductory section includes this letter of transmittal, a letter from the Mayor, Metro Governments organization chart and a list of members of the Metro Council for the time period of the report. The financial section includes Managements Discussion and Analysis ("MD&A"), the financial statements, required supplementary information, as well as the auditor's report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Metro Government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, is provided in a separate report.

The 2004 CAFR reflects a government that continues to be financially strong. This letter should be read in conjunction with the MD&A, beginning on page 5 of this report.

FINANCIAL INFORMATION

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Metro Government are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: a) the cost of a control should not exceed the benefits likely to be derived, and b) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit. As a recipient of federal and state assistance, Metro Government is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management.

As a part of Metro Governments' single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that we have complied with applicable laws and regulations. We believe that the statements for and schedules included in the financial section of this report for the merged government, Metro Government, continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit. Kentucky law (KRS 64.810) allows the Auditor of Public Accounts to perform the annual audit of the funds of Metro Louisville. A copy of the Auditor of Public Accounts report is included in this report. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984, Single Audit Amendments of 1996, Government Auditing Standards and the Office of Management and Budget Circular A-133.

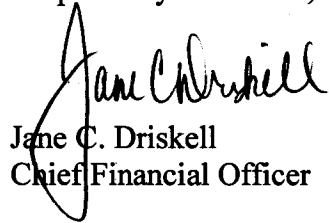
Awards. The report for the year ended June 30, 2004 is the second report issued for Metro Government. Metro Government submitted a report to the Government Finance Officers Association of the United States and Canada (GFOA) for the first time of the new merged government with the June 30, 2003 CAFR. Metro was awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2003. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that Metro Governments current CAFR meets the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for a certificate.

Financial System. Beginning July 1, 2003, Metro Government began the implementation of a new financial system, called the Louisville e-financial application system (LeAP). LeAP uses Oracle applications software, and replaces two old systems utilized before merger: The City of Louisville used a DBS mainframe system and Jefferson County used Financial Accounting System (FAS).

Acknowledgments. The preparation of the second CAFR for Metro Government was made possible by the dedicated service of the staff of the Department of Finance. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report for Metro Louisville.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jane C. Driskell". The signature is stylized with a large, looping initial "J".

Jane C. Driskell
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Louisville-Jefferson
County Metro Government,
Kentucky

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Ziehl

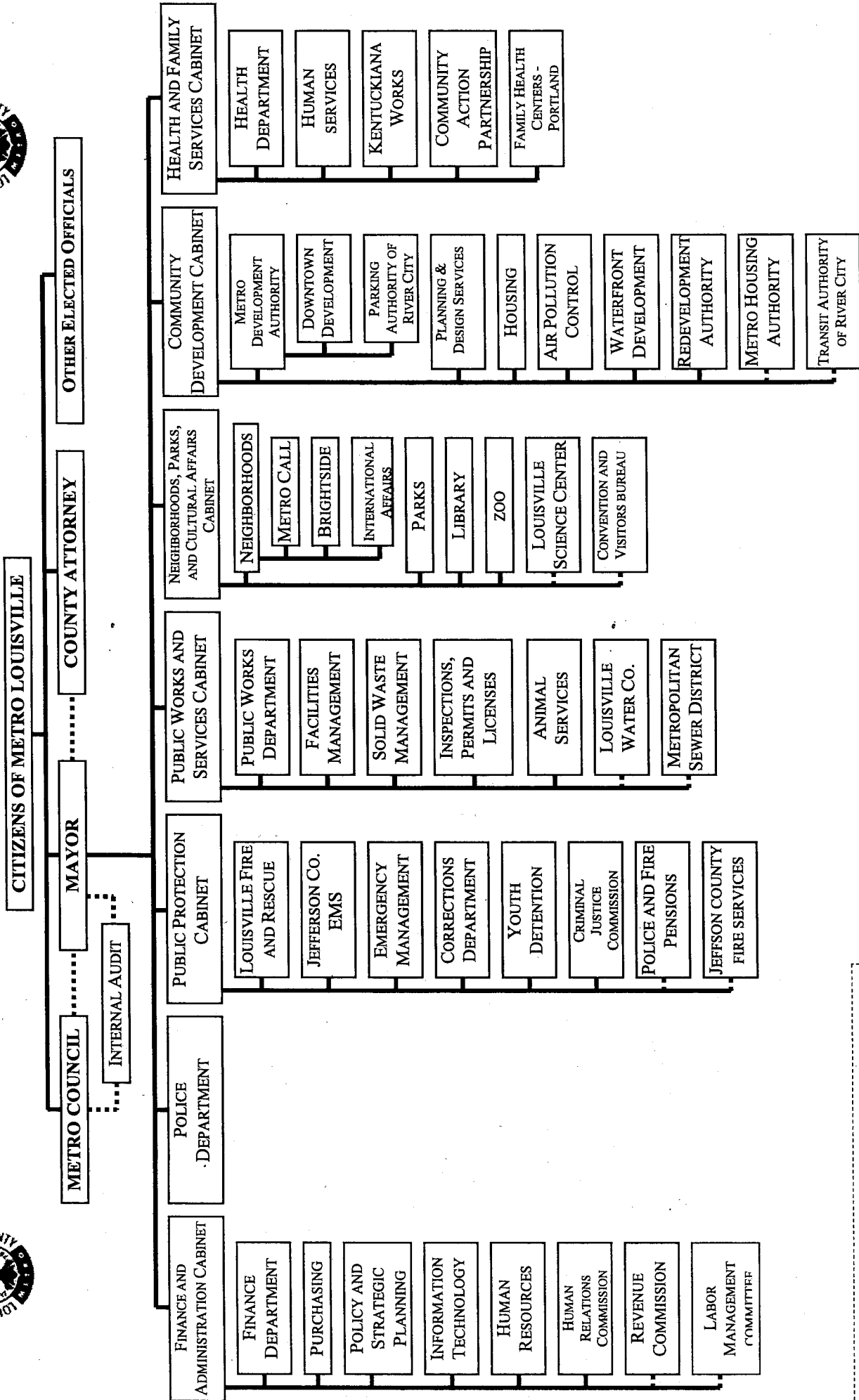
President

Jeffrey R. Enos

Executive Director



LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
ORGANIZATIONAL CHART



***COUNTY CLERK,
COUNTY CORONER,
COMMONWEALTH'S ATTORNEY,
COUNTY PROPERTY VALUATION ADMINISTRATOR,
COUNTY CONSTABLES

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT



Fiscal Year Ended June 30, 2004

HONORABLE JERRY E. ABRAMSON..... MAYOR

METRO COUNCIL MEMBERS

DENISE BENTLEY	DISTRICT 1
BARBARA SHANKLIN	DISTRICT 2
MARY C. WOOLRIDGE	DISTRICT 3
WILLIE BRIGHT	DISTRICT 4
CHERI BRYANT HAMILTON	DISTRICT 5
GEORGE UNSELD	DISTRICT 6
KENNETH C. FLEMING	DISTRICT 7
TOM OWEN	DISTRICT 8
TINA WARD-PUGH	DISTRICT 9
CYRIL ALLGEIER	DISTRICT 10
KEVIN KRAMER	DISTRICT 11
RICK BLACKWELL	DISTRICT 12
RON WESTON	DISTRICT 13
ROBERT HENDERSON	DISTRICT 14
GEORGE MELTON	DISTRICT 15
KELLY DOWNARD	DISTRICT 16
GLEN STUCKEL	DISTRICT 17
JULIE RAQUE ADAMS	DISTRICT 18
HAL HEINER	DISTRICT 19
STUART BENSON	DISTRICT 20
DAN JOHNSON	DISTRICT 21
ROBIN ENGEL	DISTRICT 22
JAMES PEDEN	DISTRICT 23
MADONNA FLOOD	DISTRICT 24
DOUG HAWKINS	DISTRICT 25
ELLEN CALL	DISTRICT 26

DEPARTMENT OF FINANCE

JANE C. DRISKELL	CHIEF FINANCIAL OFFICER
KIMBALL LIVESAY STATTS	ADMINISTRATOR OF ACCOUNTING
JOHN K. JOHNSON	ADMINISTRATOR OF GENERAL ACCOUNTING

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2004

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the Citizens of Louisville/Jefferson County Metro Government
Honorable Jerry Abramson, Mayor
The Louisville Metro Council

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Louisville/Jefferson County Metro Government (Metro), as of and for the year ended June 30, 2004, which collectively comprise the Metro's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Metro's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of some of the entities that comprise the Metro government. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and funds is based upon the reports of the other auditors. Those entities were:

Certain portions of the Governmental Funds:

Within the Capital Projects Funds:

- Revenue Finance Corporation
- Economic Development Corporation
- Community Economic Development Corporation

Within the Debt Service Funds:

- Capital Projects Corporation

Certain portions of the Internal Service Funds:

- Louisville/Jefferson County Revenue Commission

Certain Fiduciary Funds including:

- Firefighters Pension Trust Fund
- Policeman's Retirement Fund

Component Units:

- Louisville Water Company
- Parking Authority of River City, Inc.
- Transit Authority of River City, Inc.
- Riverport Authority
- Metropolitan Sewer District
- Louisville Science Center



Those financial statements reflect total assets and revenues of the government-wide financial statements and total assets and revenues or additions of the fund financial statements as follows:

Government-Wide Financial Statements:	Percent of Assets	Percent of Revenues
Primary Government - Governmental Activities	1.96%	3.28%
Component Units	100%	100%
Fund Financial Statements:		
Governmental Funds - Non-Major Funds	5.27%	.83%
Proprietary Funds - Governmental Activities - Internal Service Funds	67.79%	13.92%
Fiduciary Funds - Pension Trust Funds	100.00%	100.00%
Fiduciary Funds - Agency Funds	75.27%	
Component Units	100%	100%

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Metro, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

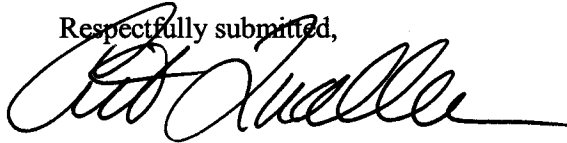
The Management's Discussion and Analysis, budgetary comparison schedules and pension information relating to funding progress are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Citizens of Louisville/Jefferson County Metro Government
Honorable Jerry Abramson, Mayor
The Louisville Metro Council
Page 3

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metro's basic financial statements. The combining and individual fund statements and schedules - non-major funds, presented in this report are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Metro. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and in the audits performed by other auditors and, in our opinion, based on our audit and the reports of other auditors, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The Introductory and Statistical sections presented in this report are also presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we will also issue our report on our consideration of the Metro Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', written in a cursive style.

Crit Luallen
Auditor of Public Accounts

January 31, 2005

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**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2004**

Our discussion and analysis of Louisville/Jefferson County Metro Government's financial performance provides an overview of Metro Government's financial activities for the fiscal year ended June 30, 2004.

Please read it in conjunction with the Metro Government's financial statements, which begin on page 15.

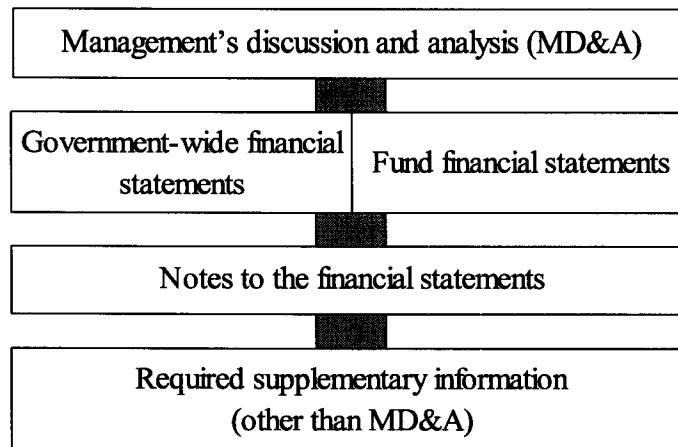
Financial Highlights

Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, instituted new reporting requirements for governmental entities. One requirement is to present comparative analyses of prior-year and current-year financial information for net assets and changes in net assets.

Despite a decrease in net assets, Metro Government is in a strong financial position with a healthy ending fund balance and tremendous potential for improved financial performance and greater efficiencies as the governments continue consolidation.

Net assets decreased by \$31.4 million (or 4.6%) excluding a \$11,600,931 million prior-period adjustment restating beginning capital assets in the government-wide statements and fund balance in the debt service funds.

Using This Annual Report



This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 15-16) provide information about the activities of Metro Government as a whole and present a longer-term view of the Metro Government's finances. Fund financial statements begin on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Metro Government's operations in more detail than the government-wide statements by providing information about the Metro Government's most significant funds. The remaining statements provide financial information about activities for which the Metro Government acts solely as a trustee or agent for the benefit of those outside of the government.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For the Year Ended June 30, 2004**

Reporting the Metro Government as a Whole

The Statement of Net Assets and the Statement of Activities

Our analysis of the Metro Government as a whole begins on page 6 with the Governmental-Wide Financial Statements. One of the most important questions raised about the Metro Government's finances is whether the Metro Government as a whole is better off or worse off as a result of the year's activities. The Statement of Net Assets and the Statement of Activities report information about the Metro Government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Metro Government's net assets and changes in them. You can think of the Metro Government's net assets, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the Metro Government's financial health, or financial position. Over time, increases or decreases in the Metro Government's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Metro Government's property tax base and the condition of the Metro Government's capital assets (roads, buildings, etc.) to assess the overall health of the Metro Government.

The Government-Wide Financial Statements of the Metro Government are divided into three categories:

- **Governmental activities:** Most of the Metro Government's basic services are reported here, including the police, fire, general administration, streets, and parks. Occupational tax, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities:** If a fee is charged to customers to help the Metro Government cover all or most of the cost of certain services it provides, those activities are considered to be business-type activities in most cases. The primary government did not report any business-type activities in fiscal year 2004. The debt service component of the Public Properties Corporation formerly presented as a business-type activity has been reclassified to a debt service fund, a governmental activity.
- **Discretely Presented Component units:** the Metro Government includes the Louisville Water Company, the Parking Authority of River City, Inc., the Transit Authority of River City, Inc., the Riverport Authority, the Metropolitan Sewer District, and the Louisville Science Center in its report. These legally separate component units are important because the Metro Government is financially accountable for them, and in the case of the Louisville Water Company, 100% of its stock is owned by the Metro Government. All of the component units separately issue their own respective financial statements, including MD&A, which should be read in conjunction with these statements.

Reporting the Metro Government's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 18 and provide detailed information about the most significant funds – not the Metro Government as a whole. Some funds are required to be established by State law and by bond covenants. However, other funds are established, as needed, to help it control and manage money for particular purposes (such as the Special Purpose Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For the Year Ended June 30, 2004**

money (for example, grants received from the U.S. Department of Housing and Urban Development). The Metro Government's two kinds of funds, governmental and proprietary, use different accounting approaches. The Metro Government also uses fiduciary funds, which are separate funds from the governmental and proprietary funds described above. These funds are not included in the Metro Government's government-wide financial statements.

Governmental funds: Most of the Metro Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using accounting methods called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Metro Government's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Metro Government's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.

Proprietary funds: Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and Statement of Activities. We use internal service funds, such as the Metro Government's Insurance and Risk Management Fund, to report activities that provide supplies and services to the Metro Government's other programs and activities.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Metro Government's own activities or programs. The basis of accounting for fiduciary funds is similar to that of proprietary funds.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For the Year Ended June 30, 2004**

The Metro Government As A Whole

This is a summary of the Metro Government's net assets:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT NET ASSETS (amounts in thousands)			
	Governmental Activities		Total Percentage Change
	2003	2004	2003-2004
Current and other assets	\$ 329,387	\$ 312,040	-5.3%
Capital assets	907,959	879,210	-3.2%
Total assets	1,237,346	1,191,250	-3.7%
Long-term liabilities	428,563	414,285	-3.3%
Other liabilities	108,069	96,124	-11.1%
Total liabilities	536,632	510,409	-4.9%
Net assets			
Invested in capital assets, net of related debt	586,506	572,035	-2.5%
Restricted	82,123	65,930	-19.7%
Unrestricted	32,085	42,876	33.6%
Total net assets	\$ 700,714	\$ 680,841	-2.8%

This is a summary of the Metro Government's changes in net assets:

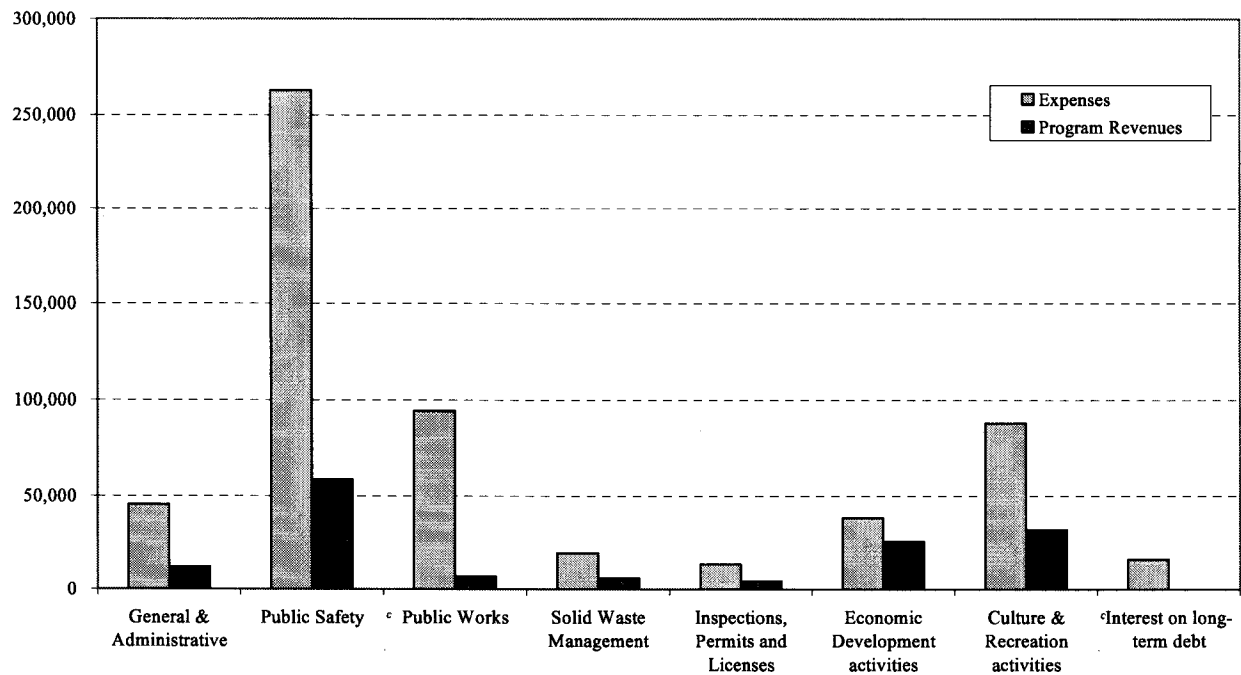
LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT CHANGES IN NET ASSETS For the Year Ended June 30, 2004 (amounts in thousands)			
	Governmental Activities		
	2003	2004	
Revenues			
Program revenues:			
Charges for services	\$ 76,773	\$ 48,187	
Operating grants and contributions	96,643	63,482	
Capital grants and contributions	47,404	33,251	
General revenues:			
Property taxes	114,570	118,656	
Other taxes	250,216	260,798	
Other	13,763	22,117	
Total revenues	599,369	546,491	
Expenses			
General & Administrative	77,401	45,595	
Public Safety	249,197	262,674	
Health Services			
Public Works	107,929	94,372	
Solid Waste Management	21,104	19,465	
Inspections, Permits and Licenses	35,963	13,508	
Economic Development activities	44,127	38,294	
Culture & Recreation activities	118,116	87,985	
Other County agencies			
Interest on long-term debt	14,372	16,072	
Total expenses	668,209	577,965	
Excess (deficiency) before transfers	(68,840)	(31,474)	
Transfers and other	-	-	
Increase (decrease) in net assets	(68,840)	(31,474)	
Net assets--beginning	1,035,323	700,714	
Prior period adjustment	(265,769)	11,601	
Net assets--ending	\$ 700,714	\$ 680,841	

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For the Year Ended June 30, 2004**

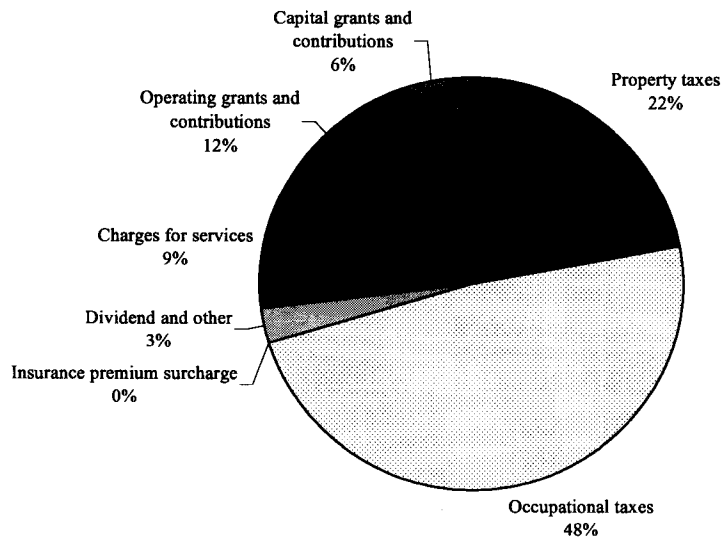
The Metro Government Funds

Governmental Activities



The cost of all governmental activities this year was \$578 million.

This chart shows revenues by source:



Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For the Year Ended June 30, 2004**

The total taxable property valuation and property tax collections for the Metro Government increased again last fiscal year, due to a partial countywide reassessment of real property as of January 1, 2003

Revenues in the General, Special Revenue and Debt Service funds declined by approximately \$5.1 million. Tax revenue continued its trend of a modest increase over the preceding year, with the increase split between property taxes and occupational taxes. These are the result, in turn, of higher property valuations and growth in insurance premium tax collection.

Expenditures in these same funds decreased overall by about \$10.4 million. Much of this decrease is due to an elimination of the former County's share of funding joint City/County departments. Increases in expenditures occurred in many departments primarily due to annual cost of living adjustments paid to most employees. The largest increase associated with the cost of living adjustments occurred in the Police and Fire Departments.

Component Unit Activities

The Louisville Water Company's operating income decreased 11.5% from last year. The Parking Authority of River City, Inc. reported a 40.1% increase in operating income from last year with an increase in parking revenues. The Transit Authority of River City, Inc.'s operating income decreased 206.5% as a result of lower Mass Transit Subsidies received in 2004. The Riverport Authority reported a 10.3% decrease in operating income. The Metropolitan Sewer District's operating income increased 15.8%. The Louisville Science Center reported an increase of 97.2% in operating income as a result of increased admission receipts.

General Fund Budgetary Highlights

Actual expenditures were \$61.4 million below the final budget amounts. The most significant variances resulted from unspent sick leave incentive and undistributed cost of living salary adjustments. These funds will be carried forward to the fiscal year 2005 to offset future related expenditures. On the other hand, resources available for appropriation were \$61.9 million below the final budget amounts. This was due to higher budgets for intergovernmental revenues, donations and charges for services than actually collected which resulted in reduced expenditures.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For the Year Ended June 30, 2004**

Capital Asset And Debt Administration

Capital Assets

At the end of June 30, 2004, the Metro Government and its component units have a broad range of capital assets, as shown in the following table:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT CAPITAL ASSETS (net of depreciation)			
	2003	2004	Total Percentage Change 2003-2004
Land	\$ 276,735,556	\$ 278,873,364	0.8%
Land improvements	57,158,414	54,609,787	-4.5%
Buildings	225,945,893	235,908,384	4.4%
Machinery and equipment	15,575,938	17,363,529	11.5%
Vehicles	34,237,729	27,405,589	-20.0%
Works of art	6,473,644	6,831,200	5.5%
Infrastructure	264,656,659	234,390,803	-11.4%
Construction in progress	32,999,509	23,827,141	-27.8%
Total Metro	913,783,342	879,209,797	-3.8%
Component Units	2,288,449,308	2,413,208,253	5.5%
Grand Total	<u>\$ 3,202,232,650</u>	<u>\$ 3,292,418,050</u>	2.8%

Additional information on Metro Government's capital assets can be found in Note 6 of this report.

Debt

At year-end, the Metro Government and its component units have outstanding debt as shown in the following tables:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT OUTSTANDING DEBT (amounts in thousands)			
	2003	2004	Total Percentage Change 2003-2004
General obligation debt	\$ 257,421	\$ 245,589	-4.6%
Revenue bonds	131,181	127,840	-2.5%
Note	1,037	808	-22.1%
Total Metro	389,639	374,237	-4.0%
Component Units	1,395,538	1,452,451	4.1%
Grand Total	<u>\$ 1,785,177</u>	<u>\$ 1,826,688</u>	2.3%

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
For the Year Ended June 30, 2004**

Metro Government assumed all long-term debt of the former City of Louisville and Jefferson County upon merger in January 2003. The strides made so far by Metro Government since merger have warranted Moody to upgrade their rating from A1 (on bonds issued by the former City of Louisville) to Aa3 (re-affirmed rating on bonds issued by the former Jefferson County) in November 2004. Additionally, Standard's & Poor's have upgraded their outlook to "positive" from stable on its AA rating. The upgrades are independent validation of merging governments.

During the year, total debt of the Metro Government and its component units increased by \$41.5 million. In November 2004, Metro Government issued approximately \$29.5 million in General Obligation debt. See footnote 19 in this report for additional information. The Metropolitan Sewer District issued \$100 million in Sewer and Drainage System Revenue Bonds Series 2004A.

Additional information on the Metro Government's long-term debt activity can be found in Note 9 of this report.

Economic Factors

The Louisville economy began recovering from a slowdown during fiscal year 2003. Total occupational taxes increased slightly. Business net profits declined by approximately seven percent. Insurance premium tax collections experienced double-digit growth, reflecting the widespread inflation in premium costs on all taxable lines of insurance coverage. The total taxable valuation and property tax collections increased again last fiscal year.

A major transformation of the Galleria to Fourth Street Live began in fiscal year 2004. This project includes reopening 4th Street to vehicular traffic along with the addition of numerous new restaurants and shops. Metro Government has fostered a public/private partnership to create a downtown entertainment district featuring new restaurants and clubs in the 400 and 500 blocks of South 4th Street. This area will revitalize entertainment for downtown Louisville.

The Parking Authority of River City, Inc. is constructing a new garage and plaza at 7th Street and River Road to serve the new Muhammad Ali Museum.

Contacting Metro Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of Metro Government's finances and to show Metro Government's accountability for the money it receives. If you have questions about this report or need additional information, contact Metro Government's Department of Finance, 611 West Jefferson Street, Louisville, Kentucky, 40202.

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BASIC FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS
June 30, 2004

	Primary Government Governmental Activities	Component Units
ASSETS		
Cash and cash equivalents	\$ 42,141,023	\$ 27,136,226
Investments	147,965,602	4,669,883
Receivables, net of allowance for uncollectible amounts	88,902,038	64,679,025
Deposits with paying agents	45,000	
Due from primary government		120,000
Inventories	1,391,637	17,254,971
Prepaid items and deferred charges	3,013,188	5,654,476
Assets restricted by bond indentures and other legal provisions	28,581,698	240,260,618
Land and Improvements	282,744,319	25,715,326
Construction in Progress	23,827,141	489,302,951
Works of Art	255,000	
Infrastructure	865,209,666	2,306,831,889
Other capital assets	591,843,618	369,754,477
Less accumulated depreciation	(884,669,947)	(778,396,390)
Capital assets, net	879,209,797	2,413,208,253
Total assets	<u>\$ 1,191,249,983</u>	<u>\$ 2,772,983,452</u>
LIABILITIES		
Accounts payable and accrued payroll	\$ 31,399,294	\$ 26,423,356
Due to component units	120,000	
Due to other government agencies	32,917,876	7,917,570
Deferred revenue	28,008,424	17,879,710
Other liabilities	3,677,997	14,953,788
Long-term liabilities:		
Due within one year	32,116,000	26,684,195
Due in more than one year	382,169,151	1,432,425,246
Total liabilities	<u>510,408,742</u>	<u>1,526,283,865</u>
NET ASSETS		
Invested in capital assets, net of related debt	572,034,646	1,092,484,753
Restricted for:		
Capital projects	65,930,660	39,317,088
Debt service		34,104,422
Unrestricted	42,875,935	80,793,324
Total net assets	<u>\$ 680,841,241</u>	<u>\$ 1,246,699,587</u>

The accompanying notes are an integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government:					
Governmental activities:					
General Government:					
Metro Council	\$ 5,023,741				\$ (5,023,741)
Mayor's Office	3,169,738	\$ 5,651	\$ 3,000		(3,161,087)
County Attorney	6,797,397	131,222	860,033		(5,806,142)
Other Elected Officials	7,010,223	239,421	310,168		(6,460,634)
Internal Audit	596,447				(596,447)
Finance Department	9,063,884	340,509	7,206,834	\$ 2,643,910	1,127,369
External agencies	4,539,331				(4,539,331)
Purchasing Department	566,335	117,456			(448,879)
Office of Strategic Planning	463,380		34,039		(429,341)
Information Technology	6,046,175	112,104			(5,934,071)
Human Resources Department	3,947,479				(3,947,479)
Human Relations Commission	1,054,914	36,785	309,501		(708,628)
Police Department	120,446,100	2,719,018	7,218,100	1,062,676	(109,446,306)
Public Protection Cabinet	126,100				(126,100)
Fire Department	51,813,306	1,045,156	2,281,220		(48,486,930)
County Emergency Medical Services	7,775,564	8,972,481			1,196,917
Emergency Management	3,173,399	3,790,084	62,756	1,142,100	1,821,541
Corrections Department	37,965,827	2,067,663	3,931,822		(31,966,342)
Youth Placement Services	6,784,807	77,481	1,638,248		(5,069,078)
Crime Commission	619,135	196	59,585		(559,354)
Office of Public Safety	154,425		3,528,979	3,390,358	6,764,912
Firefighters' Pension Fund	1,493,646				(1,493,646)
Policemen's Retirement Fund	1,416,532				(1,416,532)
Public Works Department	74,533,491	1,120,730	105,007		(73,307,754)
Facilities Management	19,838,512	4,202,996		1,429,619	(14,205,897)
Solid Waste Management Services	19,465,462	1,525,890	974,895		(16,964,677)
Waste Management District			3,376,912		3,376,912
Inspections, Permits and Licenses	7,555,408	23,917			(7,531,491)
Animal Control Services	1,614,394	660,453			(953,941)
Department of Neighborhoods	5,072,738	12,770	653,769	86,225	(4,319,974)
Parks Department	21,653,602	4,570,579	10,372	722,295	(16,350,356)
International and Cultural Affairs	350,297		38,852		(311,445)
Louisville Free Public Library	19,099,099	729,967	1,068,098		(17,301,034)
Louisville Zoological Gardens	11,472,876	7,737,208	532,538		(3,203,130)
Metro Development Authority	11,567,579	517,056		8,606,407	(2,444,116)
Office for Business Services	17,937				(17,937)
Planning and Development Services	3,066,782	160,297	255,237		(2,651,248)
Housing Department	9,225,242	114,766		13,313,391	4,202,915
Community Development	3,082,913				(3,082,913)
Air Pollution Control	4,338,667	2,488,406	1,205,131		(645,130)
Waterfront Development Corp	3,879,799	189,442	451,854	854,343	(2,384,160)
Redevelopment Authority	2,594,000	2,466,574			(127,426)
Economic Development Corporation	35,987				(35,987)
Community Economic Development Corporation	1,346				(1,346)
Health Department	33,813,783	1,630,793	13,956,693		(18,226,297)
Human Services	15,808,804	367,881	8,516,855		(6,924,068)
Workforce Investment Board	8,703,729				(8,703,729)
Community Action Agency	5,053,149	12,093	4,891,449		(149,607)
Interest expense	16,072,154				(16,072,154)
Total governmental activities	\$ 577,965,635	\$ 48,187,045	\$ 63,481,947	\$ 33,251,324	\$ (433,045,319)
Component units:					
Louisville Water Co.	\$ 86,501,849	\$ 97,532,345		\$ 13,249,414	\$ 24,279,910
Parking Authority of River City, Inc.	10,973,632	11,750,765			777,133
Transit Authority of River City, Inc.	58,879,138	6,768,968	\$ 45,453,107		(6,657,063)
Riverport Authority	2,854,186	1,192,072			(1,662,114)
Metropolitan Sewer District	127,514,000	110,787,000		27,313,000	10,586,000
Louisville Science Center	6,333,798	6,755,251			421,453
Total component units	\$ 293,056,603	\$ 234,786,401	\$ 45,453,107	\$ 40,562,414	\$ 27,745,319

(The statement of activities continues on the following page.)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

STATEMENT OF ACTIVITIES (continued)

For the Year Ended June 30, 2004

	Primary Government	
	Governmental Activities	Component Units
Net (expense) revenue (from preceding page)	\$ (433,045,319)	\$ 27,745,319
General revenues:		
Taxes:		
Property taxes, levied for general purposes	118,655,718	
Occupational taxes	260,797,870	
Investment income	937,567	7,177,285
Dividends	12,687,780	
Miscellaneous	8,492,229	
Total general revenues	<u>401,571,164</u>	<u>7,177,285</u>
Change in net assets	<u>(31,474,155)</u>	<u>34,922,604</u>
Net assets--beginning, restated	712,315,396	1,211,776,983
Net assets--ending	<u>\$ 680,841,241</u>	<u>\$ 1,246,699,587</u>

The accompanying notes are an integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2004

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 7,931,654	\$ 213,545	\$ 2,379,186	\$ 4,745,894	\$ 15,270,279
Investments	68,521,144	1,844,807	20,553,662	25,621,142	116,540,755
Receivables:					
Taxes receivable, less allowance for uncollectible amounts	3,968,912				3,968,912
Accounts receivable and accrued interest	10,377,625	1,380,642	40,349	48,568	11,847,184
Loans receivable, less allowance for uncollectible amounts	2,908,495	7,963,319	10,153,213		21,025,027
Notes receivable	252,819				252,819
Due from federal government	1,389,824	23,822,083	25,000		25,236,907
Due from state government	3,085,152	882,572	7,500		3,975,224
Due from component units	400,000				400,000
Due from other funds	21,079,204			640,761	21,719,965
Inventories	936,552				936,552
Land held for development				455,085	455,085
Prepaid items	155,138				155,138
Restricted assets:					
Cash and cash equivalents		1,115,385	16,942,128	92,171	18,149,684
Investments		9,635,757		796,257	10,432,014
Total assets	<u>\$ 121,006,519</u>	<u>\$ 46,858,110</u>	<u>\$ 50,101,038</u>	<u>\$ 32,399,878</u>	<u>\$ 250,365,545</u>
LIABILITIES					
Accounts payable	\$ 11,574,635	\$ 3,986,371	\$ 1,083,446	\$ 64,330	\$ 16,708,782
Accrued payroll and withholdings	12,459,166	438,797			12,897,963
Due to other funds	1,158			11,028	12,186
Due to component units	120,000				120,000
Matured bonds and interest payable				640,761	640,761
Deferred revenue	6,174,056	11,526,218	10,171,046	43,753	27,915,073
Other liabilities	3,630,106			47,891	3,677,997
Total liabilities	<u>33,959,121</u>	<u>15,951,386</u>	<u>11,254,492</u>	<u>807,763</u>	<u>61,972,762</u>
FUND BALANCES					
Reserved for:					
Encumbrances	5,022	2,511,395	1,468,728	2,110,682	6,095,827
Inventories	945,676				945,676
Prepaid items	107,700				107,700
Long term-loans receivable	2,330,325	13,241,489			15,571,814
Debt service				890,944	890,944
Reserve related to land held for development				407,194	407,194
Unreserved, reported in:					
General fund	83,658,675				83,658,675
Special revenue funds		15,153,840			15,153,840
Capital projects funds			37,377,818	28,183,295	65,561,113
Total fund balances	<u>87,047,398</u>	<u>30,906,724</u>	<u>38,846,546</u>	<u>31,592,115</u>	<u>188,392,783</u>
Total liabilities and fund balances	<u>\$ 121,006,519</u>	<u>\$ 46,858,110</u>	<u>\$ 50,101,038</u>	<u>\$ 32,399,878</u>	
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds					878,120,392
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds, including deferred charges, are included in governmental activities in the Statement of Net Assets.					2,417,122
Certain revenues are earned but not available and therefore are deferred in the funds					5,491,369
Long-term liabilities of \$414,286,151, including bonds payable, less \$17,846,676 reported in internal service funds, plus other liabilities of \$3,141,925, are not due and payable in the current period and therefore are not reported in the funds.					(393,580,425)
Net assets of governmental activities					<u>\$ 680,841,241</u>

The accompanying notes are an integral part of the financial statements.

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 113,164,349				\$ 113,164,349
Occupational taxes	260,797,870				260,797,870
Licenses and permits	10,544,820				10,544,820
Intergovernmental	49,220,274	\$ 74,820,896	\$ 626,301	\$ 6,842,810	131,510,281
Charges for services	22,251,927	11,280,455	371,695	37,450	33,941,527
Fees and fines	1,016,230				1,016,230
Investment income	(237,138)	330,201	741,482	103,022	937,567
Dividends	12,687,780				12,687,780
Donations	3,993,884	138,159	1,030,495		5,162,538
Miscellaneous	2,684,551	8,088	1,316,198		4,008,837
Total revenues	476,124,547	86,577,799	4,086,171	6,983,282	573,771,799
EXPENDITURES					
Current operating:					
General Government					
Metro Council	4,888,456				4,888,456
Mayor's Office	3,064,445				3,064,445
County Attorney	5,837,620	774,324			6,611,944
Other Elected Officials	6,636,712				6,636,712
Internal Audit	580,394				580,394
Finance Department	8,816,523				8,816,523
External Agencies	4,417,159				4,417,159
Purchasing Department	551,093				551,093
Office of Strategic Planning	450,909				450,909
Information Technology	5,605,906				5,605,906
Human Resources Department	3,841,236				3,841,236
Human Relations Commission	907,567	118,955			1,026,522
Police Department	113,464,846	3,025,645			116,490,491
Public Protection Cabinet	122,706				122,706
Fire Department	49,375,337	6,330			49,381,667
County Emergency Medical Services	7,495,475	4,400			7,499,875
Emergency Management	1,158,031	165,838			1,323,869
Corrections Department	34,982,820	464,330			35,447,150
Youth Placement Services	6,344,215	65,349			6,409,564
Crime Commission	542,891	59,581			602,472
Office of Public Safety	150,269				150,269
Firefighters' Pension Fund	1,493,646				1,493,646
Policemen's Retirement Fund	1,416,532				1,416,532
Public Works Department	26,201,430	3,581,437			29,782,867
Facilities Management	14,558,666	1,235,504			15,794,170
Solid Waste Management Services	17,940,367	992,848			18,933,215
Inspections, Permits and Licenses	5,523,212	1,821,821			7,345,033
Animal Control Services	1,561,764				1,561,764

(Continued)

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (continued)
For the Year Ended June 30, 2004

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Department of Neighborhoods	\$ 4,850,222	\$ 85,988			\$ 4,936,210
Parks Department	20,343,968	145,319			20,489,287
International and Cultural Affairs	340,869				340,869
Louisville Free Public Library	15,229,763	925,794			16,155,557
Louisville Zoological Gardens	10,299,214	40,786			10,340,000
Metro Development Authority	8,499,226	1,126,310			9,625,536
Planning and Development Services	2,747,283	235,166			2,982,449
Housing Department	631,595	8,344,264			8,975,859
Community Development	2,999,939				2,999,939
Air Pollution Control	422,337	3,692,095			4,114,432
Waterfront Development Corporation	1,772,145				1,772,145
Redevelopment Authority	562,720	1,960,371			2,523,091
Economic Development Corporation				\$ 35,018	35,018
Community Economic Development Corporation				1,310	1,310
Health Department	23,688,419	8,974,094			32,662,513
Human Services	12,046,040	3,337,284			15,383,324
Workforce Investment Board		8,469,476			8,469,476
Community Action Agency		4,917,148			4,917,148
Debt service principal				19,177,195	19,177,195
Debt service interest and other charges	539,070			15,533,084	16,072,154
Capital outlay		27,576,389	\$ 29,994,577	1,744,476	59,315,442
Total expenditures	432,903,037	82,146,846	29,994,577	36,491,083	581,535,543
Excess (deficiency) of revenues over expenditures	43,221,510	4,430,953	(25,908,406)	(29,507,801)	(7,763,744)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets				349,995	349,995
Insurance recovery				15,294	15,294
Transfers in	689,713		4,911,600	37,173,438	42,774,751
Transfers out	(35,594,116)	(1,171,961)	(1,097,074)	(4,911,600)	(42,774,751)
Total other financing sources and uses	(34,904,403)	(1,171,961)	3,814,526	32,627,127	365,289
Net change in fund balances	8,317,107	3,258,992	(22,093,880)	3,119,326	(7,398,455)
Fund balances--beginning and restated	78,730,291	27,647,732	60,940,426	28,472,789	195,791,238
Fund balances--ending	\$ 87,047,398	\$ 30,906,724	\$ 38,846,546	\$ 31,592,115	\$ 188,392,783

The accompanying notes are an integral part of the financial statements.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2004**

Net change in fund balances--total governmental funds	\$ (7,398,455)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which the increase in capital assets exceeded depreciation in the current period.	(47,655,240)
In the Statement of Activities, only the loss on the disposal of assets is reported, while in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balance by the basis of the assets disposed.	17,235,758
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	5,491,369
Deferred revenues added to net assets in the prior year are deducted in the current year.	(6,233,365)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	15,449,423
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(9,531,723)
Internal service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The change in net assets of the internal service funds is reported with governmental activities.	1,168,077
Change in net assets of governmental activities	<u>\$ (31,474,155)</u>

The accompanying notes are an integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
June 30, 2004

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 26,870,744
Investments	31,424,847
Receivables, net	476,000
Deposits with paying agents	45,000
Total current assets	<u>58,816,591</u>
Capital assets:	
Buildings and equipment, net	<u>1,089,405</u>
Total assets	<u><u>\$ 59,905,996</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,151,788
Due to other funds	32,905,690
Deferred revenue	5,584,720
Total current liabilities	<u>39,642,198</u>
Noncurrent liabilities:	
Compensated absences	191,131
Claims and judgments	17,655,545
Total noncurrent liabilities	<u>17,846,676</u>
Total liabilities	<u>57,488,874</u>
NET ASSETS	
Invested in capital assets, net of related debt	898,274
Restricted	<u>1,518,848</u>
Total net assets	<u><u>\$ 2,417,122</u></u>

The accompanying notes are an
integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For the Year Ended June 30, 2004

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES:	
Fee income and subsidy	\$ 4,601,021
Insurance income	9,664,437
Insurance premiums	<u>18,778,053</u>
Total operating revenues	<u>33,043,511</u>
OPERATING EXPENSES:	
Personal services	3,395,413
Contractual services	654,543
Repairs and maintenance	29,137
Other supplies and expenses	659,826
Insurance claims settlements and losses	8,480,292
Insurance premiums	17,922,162
Depreciation	<u>654,715</u>
Total operating expenses	<u>31,796,088</u>
Operating income (loss)	<u>1,247,423</u>
NONOPERATING REVENUES (EXPENSES):	
Investment income	(75,061)
Miscellaneous expense	<u>(4,285)</u>
Total nonoperating revenue (expenses)	<u>(79,346)</u>
Change in net assets	1,168,077
Total net assets--beginning	<u>1,249,045</u>
Total net assets--ending	<u><u>\$ 2,417,122</u></u>

The accompanying notes are an
integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2004

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	
Fee income and subsidy	\$ (3,543,831)
Insurance income	28,012,253
Payments to employees	(3,193,586)
Payments to suppliers	(1,349,351)
Contractual services	62,471
Claims paid	(6,889,260)
Insurance premiums paid	(17,912,934)
Other receipts (payments)	(15,013)
	<u>(4,829,251)</u>
Net cash provided (used) by operating activities	<u>(4,829,251)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and construction of capital assets	(80,761)
Net cash used in capital and related financing activities	<u>(80,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Change in investment pool participation	(1,528,189)
Sale of investments	32,099,745
Investment income	(75,061)
	<u>30,496,495</u>
Net cash provided by (used in) investing activities	<u>30,496,495</u>
Net increase (decrease) in cash and cash equivalents	25,586,483
Balances--beginning of the year	1,284,261
	<u>\$ 26,870,744</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating income (loss)	\$ 1,247,423
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	654,715
Increase (decrease) in cash due to changes in assets and liabilities:	
Accounts receivable	(430,237)
Due from component units	712,679
Accounts and other payables	2,234,363
Due to other funds and governmental agencies	(2,736,410)
Deferred revenue	(6,511,784)
	<u>(4,829,251)</u>
Net cash provided (used) by operating activities	<u>\$ (4,829,251)</u>
NON CASH INVESTING ACTIVITIES:	
Change in fair value of investments	<u>\$ (247,701)</u>

The accompanying notes are an integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
June 30, 2004

	<u>Pension & Benefit Trust</u>	<u>Private- purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and cash equivalents	\$ 966,318	\$ 60,280	\$ 12,074,918
Investments	26,489,303	520,754	8,706,587
Accounts receivable and accrued interest	362,224		1,246,420
Prepaid Expenses	4,120		
Due from other funds			35,500,413
Total assets	<u>\$ 27,821,965</u>	<u>\$ 581,034</u>	<u>\$ 57,528,338</u>
LIABILITIES			
Accounts payable	255,650		
Health Ins Reimbursement	291,876		
Due to other governmental agencies			\$ 28,733,365
Due to other funds			24,302,502
Refundable deposits			4,492,471
Total liabilities	<u>\$ 547,526</u>	<u>\$ -</u>	<u>\$ 57,528,338</u>
NET ASSETS			
Held in trust for private purpose		\$ 581,034	
Total net assets	<u>\$ 27,274,439</u>	<u>\$ 581,034</u>	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2004

	<u>Pension & Benefit Trust</u>	<u>Private- purpose Trust</u>
ADDITIONS		
Contributions:		
Employer	\$ 1,251,763	
Member	3,673	
Total contributions	<u>1,255,436</u>	
Investment earnings:		
Decrease in fair value	2,851,076	\$ (8,856)
Interest and dividends	653,375	
Total investment earnings (loss)	<u>3,504,451</u>	<u>(8,856)</u>
Investment expense	<u>(299,510)</u>	
Net investment earnings (loss)	3,204,941	-
Other income	1,866,140	
Total additions	<u>6,326,517</u>	<u>(8,856)</u>
DEDUCTIONS		
Benefit payments	5,962,197	
Administration expense	376,612	-
Health Ins Reimbursements	1,173,840	
Total deductions	<u>7,512,649</u>	<u>-</u>
Net increase (decrease)	(1,186,132)	(8,856)
Net assets--beginning of the year	<u>28,460,571</u>	<u>589,890</u>
Net assets--end of the year	<u>\$ 27,274,439</u>	<u>\$ 581,034</u>

The accompanying notes are an integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF NET ASSETS
COMPONENT UNITS
June 30, 2004

	Louisville Water Company*	Parking Authority of River City, Inc.	Transit Authority of River City, Inc.	Riverport Authority	Metropolitan Sewer District	Louisville Science Center	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 3,880,173	\$ 212,260	\$ 120,902	\$ 545,678	\$ 20,572,000	\$ 1,805,213	\$ 27,136,226
Investments			1,983,910	2,629,973	56,000		4,669,883
Accounts receivable and accrued interest	11,340,892	268,651	4,234,965	43,563	14,136,000	2,138,230	32,162,301
Due from primary government				120,000			120,000
Inventories	5,048,543		1,270,174	8,206,837	2,685,000	44,417	17,254,971
Prepaid expenses	670,605	1,760	36,601	5,296	796,000	107,893	1,618,155
Total current assets	20,940,213	482,671	7,646,552	11,551,347	38,245,000	4,095,753	82,961,536
Noncurrent assets:							
Restricted cash and cash equivalents		108,791			110,942,000		111,050,791
Investments		17,774,855	1,292,800		74,112,000	38,524	93,218,179
Revenue bond covenant accounts	31,316,247						31,316,247
Water system extension funds	4,675,401						4,675,401
Note receivable		1,174,292					1,174,292
Contract and assessments receivable	3,378,432				27,964,000		31,342,432
Deferred charges	3,591,838	444,483					4,036,321
Capital assets:							
Land	5,913,001	9,304,855	2,774,190	7,723,280			25,715,326
Buildings and Improvements	69,546,266	78,340,407	23,401,807	29,418,620			200,707,100
Machinery and equipment	32,262,790	3,653,274	112,472,792	183,885		19,735,435	168,308,176
Museum exhibits						739,201	739,201
Infrastructure	674,493,889				1,632,338,000		2,306,831,889
Construction in progress	63,854,050	1,625,901			423,823,000		489,302,951
Less accumulated depreciation	(215,284,731)	(29,059,957)	(74,991,367)	(12,581,650)	(436,162,000)	(10,316,685)	(778,396,390)
Capital assets, net of accumulated depreciation	630,785,265	63,864,480	63,657,422	24,744,135	1,619,999,000	10,157,951	2,413,208,253
Total noncurrent assets	673,747,183	83,366,901	64,950,222	24,744,135	1,833,017,000	10,196,475	2,690,021,916
Total assets	\$ 694,687,396	\$ 83,849,572	\$ 72,596,774	\$ 36,295,482	\$ 1,871,262,000	\$ 14,292,228	\$ 2,772,983,452
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 1,389,433	\$ 308,126	\$ 3,271,651	\$ 172,217	\$ 9,671,000	\$ 287,078	\$ 15,099,505
Accrued payroll and withholdings	275,938						275,938
Due to other governmental agencies	7,346,619					170,951	7,517,570
Due to primary government				400,000			400,000
Customer advances and deposits payable					11,846,000		11,846,000
Bonds payable, current portion	6,161,489	2,220,000		28,330	15,303,000		23,712,819
Interest payable	924,807	207,106			9,916,000		11,047,913
Other liabilities from restricted assets	1,758,863	1,348,925					3,107,788
Deferred revenue	3,420,039	50,723					3,470,762
Compensated absences payable			2,971,376				2,971,376
Total current liabilities	21,277,188	4,134,880	6,243,027	600,547	46,736,000	458,029	79,449,671
Noncurrent liabilities:							
Unearned revenue	6,625,218		1,030,570		6,495,000	258,160	14,408,948
Revenue bonds payable (net of unamortized discounts)	123,660,000	48,788,736		61,419	1,256,228,000		1,428,738,155
Compensated absences payable	2,373,673						2,373,673
Claims and judgments payable			1,313,418				1,313,418
Total noncurrent liabilities	132,658,891	48,788,736	2,343,988	61,419	1,262,723,000	258,160	1,446,834,194
Total liabilities	153,936,079	52,923,616	8,587,015	661,966	1,309,459,000	716,189	1,526,283,865
NET ASSETS							
Invested in capital assets, net of related debt	500,859,195	12,855,744	63,657,422	24,654,392	490,458,000		1,092,484,753
Restricted for capital projects	35,991,648					3,325,440	39,317,088
Restricted for debt service		16,254,422			17,850,000		34,104,422
Unrestricted	3,900,474	1,815,790	352,337	10,979,124	53,495,000	10,250,599	80,793,324
Total net assets	\$ 540,751,317	\$ 30,925,956	\$ 64,009,759	\$ 35,633,516	\$ 561,803,000	\$ 13,576,039	\$ 1,246,699,587

*Amounts for the Louisville Water Company are for December 31, 2003.
The accompanying notes are an integral part of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
COMPONENT UNITS
For the Year Ended June 30, 2004

	<u>Louisville Water Company*</u>	<u>Parking Authority of River City, Inc.</u>	<u>Transit Authority of River City, Inc.</u>
OPERATING REVENUES:			
Charges for sales and services:			
Water sales	\$ 97,687,143		
Parking		\$ 11,750,765	
Transit fares and advertising			\$ 6,768,968
Mass Transit subsidies			45,453,107
Port fees and rents			
Sewer charges			
Admissions and museum support			
	<u>97,687,143</u>	<u>11,750,765</u>	<u>52,222,075</u>
OPERATING EXPENSES:			
Cost of operations	30,217,330	2,557,497	38,143,524
General and administrative	13,896,339	3,219,005	
Depreciation	16,959,821	3,357,911	20,735,614
Amortization•	(39,283)	•	
Water and fire services in lieu of taxes	7,946,610		
Total operating expenses	<u>68,980,817</u>	<u>9,134,413</u>	<u>58,879,138</u>
Operating income (loss)	<u>28,706,326</u>	<u>2,616,352</u>	<u>(6,657,063)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	1,231,207	140,775	42,030
Interest expense	(5,202,201)	(1,839,219)	
Contributed in aid of construction	13,249,414		
Dividends paid and payable	(12,318,831)		
Miscellaneous	(154,798)		
Total nonoperating revenues (expenses)	<u>(3,195,209)</u>	<u>(1,698,444)</u>	<u>42,030</u>
Net income (loss) before distributions	25,511,117	917,908	(6,615,033)
Distributed property			
Net income	25,511,117	917,908	(6,615,033)
Net assets, beginning of year	515,240,200	30,008,048	70,624,792
Net assets, end of year	<u>\$ 540,751,317</u>	<u>\$ 30,925,956</u>	<u>\$ 64,009,759</u>

*Amounts for the Louisville Water Company are for the year ended December 31, 2003.
The accompanying notes are an integral part of the financial statements.

Riverport Authority	Metropolitan Sewer District	Louisville Science Center	Total
			\$ 97,687,143
		\$ 233,671	11,984,436
			6,768,968
			45,453,107
\$ 963,500			963,500
	\$ 110,787,000		110,787,000
		6,521,580	6,521,580
963,500	110,787,000	6,755,251	280,165,734
915,540		2,816,345	74,650,236
509,172	51,301,000	2,040,614	70,966,130
953,053	37,718,000	1,476,839	81,201,238
			(39,283)
			7,946,610
2,377,765	89,019,000	6,333,798	234,724,931
(1,414,265)	21,768,000	421,453	45,440,803
36,454	5,715,000	11,819	7,177,285
(6,043)	(38,495,000)		(45,542,463)
	27,313,000		40,562,414
			(12,318,831)
158,194			3,396
188,605	(5,467,000)	11,819	(10,118,199)
(1,225,660)	16,301,000	433,272	35,322,604
(400,000)			(400,000)
(1,625,660)	16,301,000	433,272	34,922,604
37,259,176	545,502,000	13,142,767	1,211,776,983
\$ 35,633,516	\$ 561,803,000	\$ 13,576,039	\$ 1,246,699,587

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NOTES TO THE FINANCIAL STATEMENTS

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2004

1. Summary of Significant Accounting Policies

Louisville/Jefferson County Metro Government ("Metro Government") began operations January 6, 2003, and was formed from the merger of the former City of Louisville (founded in 1778 and incorporated in 1828) and Jefferson County, Kentucky (created in 1780). Metro Government operates under a Mayor-Council form of government and provides the following services: public health and safety, streets and roads, sanitation, social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The following is a summary of the significant accounting policies:

A. Basis of Presentation

The financial statements of Metro Government have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units by the Governmental Accounting Standards Board ("GASB") and the American Institute of Certified Public Accountants ("AICPA").

B. Reporting Entity

In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units*, Metro Government has included in its financial statements the departments, agencies, boards, commissions, authorities, and corporations that comprise the primary government along with its discretely presented Component Units.

i. Blended Component Units

The following Component Units have been presented as blended Component Units because the boards of the Component Units are substantively the same as the primary government, or the Component Units provide services exclusively or almost exclusively to the primary government.

- The Louisville/Jefferson County Revenue Commission - The Commissioners of the Revenue Commission are appointed by Metro Government. The Revenue Commission is reported as part of the primary government because its primary purpose is to collect certain taxes and fees on behalf of Metro Government, and to collect and remit debt service requirements on Metro Government's general obligation bonds. To a lesser extent, the Revenue Commission is the collection agent of certain fees and taxes for other local governmental entities.
- The Public Properties Corporation - The Public Properties Corporation is a non-profit municipal corporation which is used to account for certain property acquisitions and improvements financed by proceeds from the sale of various First Mortgage Revenue Bonds. It is reported as part of the primary government because its purpose is to issue bonds solely on behalf of Metro Government.
- The Revenue Finance Corporation - The Revenue Finance Corporation is a non-profit municipal corporation which is used for the acquisition and

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

implementation of public projects financed by increments in tax revenues. It exists solely for the benefit of Metro Government, and is accordingly reported as part of the primary government.

- Capital Projects Corporation (CPC) - The Mayor, with the approval of the Metro Council, appoints the CPC's governing board. The CPC was incorporated by Jefferson County Fiscal Court, succeeded by Metro Government, as its agency and instrumentality in the financing of public improvements and projects of a capital nature. The CPC undertakes projects and issues bonds at the direction of and pursuant to ordinances adopted by the Metro Council. All debt obligations of the CPC are serviced with rental payments made by Metro Government as consideration from annually renewable leases of the financed properties by Metro Government.
- Economic Development Corporation (EDC) - Pursuant to its Articles of Incorporation, the Mayor is President of the EDC and other designated officers of Metro Government serve as members of its governing board. The EDC was established, pursuant to state statute, to act as an agency and instrumentality of Jefferson County Fiscal Court, succeeded by Metro Government, in the acquisition of land, buildings, equipment, and specifically, industrial parks. The EDC undertakes projects and issues bonds at the direction of and pursuant to ordinances adopted by the Metro Council.
- Community Economic Development Corporation (CEDC) - Pursuant to its Articles of Incorporation, the Mayor is President of the CEDC and other designated officers of Metro Government serve as members of its governing board. The CEDC was established, pursuant to state statute, to act as an agency and instrumentality of Jefferson County Fiscal Court, succeeded by Metro Government, in the acquisition and financing of public projects promoting economic and community development, employment and tourism within Jefferson County. The CEDC undertakes projects and issues bonds at the direction of and pursuant to ordinances adopted by the Metro Council.

Effective July 26, 2004, CEDC merged with the Metro Louisville Properties I (MLPI) and EDC merged with the Metro Louisville Properties II (MLPII). Both of these new entities, MLPI and MLPII are subsidiaries of the Louisville Riverport Authority (a discretely presented component unit of Metro Government). Neither MLPI nor MLPII held any assets or had income during fiscal year 2004. MLPI and MLPII assumed all assets and liabilities of CEDC and EDC, respectively, and CEDC and EDC were dissolved.

Complete financial statements for each of the individual component units may be obtained at Metro Government's Department of Finance, 611 West Jefferson Street, Louisville, Kentucky, 40202.

ii. Discretely Presented Component Units

The Component Units column in the government-wide financial statements includes the financial data of Metro Government's discretely presented component units.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

They are reported in a separate column to emphasize that they are legally separate from Metro Government. The following six Component Units are included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organizations.

- Louisville Water Company ("LWC") – The LWC is a legally separate entity that provides water utility services to the residents of the metropolitan area and charges fees for those services. It is shown as a discretely presented component unit because the Metro Government is the sole shareholder, receives a quarterly dividend, and the Mayor appoints a voting majority of the LWC's Board of Directors. Water and fire services valued at \$7,946,610 were provided to Metro Government in lieu of taxes during the year ended December 31, 2003. Complete financial statements of the LWC can be requested from the Louisville Water Company, 550 South Third Street, Louisville, KY 40202.
- Parking Authority of River City, Inc. ("PARC") - PARC is a non-profit corporation, which was established by the former City of Louisville to serve Metro Government's existing parking facility needs and to develop strategies for future needs. PARC also operates several parking garages in the downtown area. PARC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors, and Metro Government has the ability to approve or overrule decisions of PARC in financing of new facilities and equipment. Complete financial statements of PARC can be requested from the Parking Authority of River City, 517 South Fourth Street, Louisville, KY 40202.
- Transit Authority of River City ("TARC") - TARC is a legally separate entity that operates the mass transit system in the metropolitan area. TARC is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors, and Metro Government has the ability to approve, disapprove, revise, amend, or otherwise alter the annual budget. Metro Government does not provide any funding to TARC, but it does administer the Mass Transit Trust Fund, which receives occupational tax revenues and remits those amounts to TARC. Payments to TARC from the Mass Transit Trust Fund for the fiscal year totaled \$32,816,346. Complete financial statements of TARC can be requested from the Transit Authority of River City, 1000 West Broadway, Louisville, KY 40203.
- Louisville and Jefferson County Riverport Authority ("Riverport") - Riverport is a legally separate entity that acquires, develops, and markets land for operation of a river port industrial complex. Riverport is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors, and Metro Government has the ability to impose its will on Riverport's decisions. Complete financial statements of Riverport can be requested from the Riverport Authority, 6900 Riverport Drive, Louisville, KY 40258.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

- Metropolitan Sewer District ("MSD") - The MSD is a legally separate entity that operates to provide sewer services to the residents of the metropolitan area. The operations are supported by user fees. MSD is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors, and Metro Government has the ability to veto, overrule, or modify decisions of MSD regarding expansion of infrastructure and sewage facilities. Metro Government does not provide any funding to MSD. Complete financial statements of MSD can be requested from MSD, 700 West Liberty Street, Louisville, KY 40202.
- Louisville Science Center, Inc. ("LSC") - The LSC provides museum exhibits and scientific programs to the public. Financial support is received from admissions, merchandise sales, memberships, parking fees, donations, and an appropriation from Metro Government. It is shown as a discretely presented component unit because the Mayor appoints a voting majority of its Board of Directors; and during the year ended June 30, 2004, Metro Government paid \$823,200 as an appropriation to the LSC. Complete financial statements of LSC can be requested from Louisville Science Center, 727 West Main Street, Louisville, KY 40202.

iii. Related Organizations

- Louisville Metro Housing Authority ("Housing Authority") - The Housing Authority is a legally separate entity that plans for the construction, operation and management of low cost housing projects within the metropolitan area. The Board consists of the Mayor and eight other members appointed by the Mayor and approved by the Metro Council. Financial support is received from the federal government and from fees. The Housing Authority serves as its own fiscal agent, and Metro Government is not financially accountable for the activities of the entity. Metro Government did not provide any funding to the Housing Authority for the year ended June 30, 2004.
- Regional Airport Authority of Louisville and Jefferson County ("RAA") - The RAA was created by state statute and is responsible for the operation of Louisville International Airport and Bowman Field, both located in Louisville. The Board consists of eleven members including the Mayor and the Kentucky Secretary of Commerce. Six of the members are appointed by Metro Government, and three by the State. Metro Government does not provide any funding to the RAA.
- The Louisville and Jefferson County Convention and Visitors Bureau (the "Convention Bureau") - The Convention Bureau is a legally separate entity created by state statute and operates to promote convention and tourism activity in Louisville and Jefferson County. The Board consists of nine members, six of who are appointed by Metro Government and three by the State. Metro Government does not provide any funding to the Convention Bureau, but the Convention Bureau received \$13,494,691 in transient room taxes collected by the Louisville/Jefferson County Revenue Commission.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

C. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part the effect of interfund activity has been removed from these statements. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources, such as taxes and other items not properly included among program revenues, are reported instead as general revenues. Metro Government allocates certain indirect costs to be included in the program expense reported for individual functions and activities in the government-wide statement of activities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Each fund is a separate accounting entity with a self-balancing set of accounts. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible during the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Metro Government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims judgments, are recorded only when payment is due.

Revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Occupational taxes, fines, permits and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

Metro Government reports deferred revenue on its government-wide statement of net assets and fund financial statements. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when Metro Government receives resources before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when Metro Government has a legal claim to the resources, the liability for deferred revenue is removed from the government-wide statement of net assets and fund financial statements, and revenue is recognized.

Funds are classified into three categories: governmental, proprietary and fiduciary.

Metro Government reports the following major governmental funds:

- The General Fund, Metro Government’s primary operating fund, which accounts for all of the activities of the general government not required to be accounted for in another fund.
- The Special Revenue Fund, which accounts for the collection and disbursement of earmarked money.
- The Capital Projects Fund, which accounts for the acquisition or construction of general fixed assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the internal service fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. All of Metro Government’s proprietary activities, except for the internal service fund, qualify and are reported as discretely presented component units; therefore, the primary government does not include a business-type activities column in the government-wide financial statements.

Internal service funds account for the cost of purchased insurance, the operation and administration of the Metro Government’s self-insurance programs, and the cost of administering and collecting the Metro Government’s occupational tax.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within Metro Government. Metro Government reports the following fiduciary funds:

- The Private Purpose Trust Fund is used to account for a discount loan program.
- The Pension Benefit and Trust Funds are used to account for the Firefighters' Pension Fund and the Policemen's Retirement Fund.
- Agency funds are used to account for assets that Metro Government holds on behalf of others as their agent.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund and special revenue fund. Budgeted amounts are as originally adopted by the Metro Council, adjusted for budget amendments approved by the Metro Council. Management may amend the budget only to the extent of moving budgeted amounts within departments, not to exceed original budgeted amounts, as amended. Formal budgetary integration is not employed for the debt service fund because effective budgetary control is alternatively achieved through bond indenture provisions. All annual appropriations lapse at fiscal year-end, unless specifically identified in the budget ordinance. The special revenue fund includes some multi-year activities wherein unexpended budget amounts are automatically carried forward into the succeeding year. Project-length financial plans are adopted for all capital projects funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities and are reappropriated in the following year.

F. Cash Deposits and Investments

Cash and cash equivalents include amounts in demand deposits as well as various short-term investments, which consist of highly liquid investments with maturity of three months or less when purchased. State statutes authorize Metro Government to invest in instruments guaranteed by the U.S. Government or its agencies and in repurchase agreements with banks that conduct business in the state. The Firefighters' Pension Fund and the Policemen's Retirement Fund have no restrictions on the type of investments that they enter into as long as due diligence is exercised. See footnote #4 for additional information.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market values.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

Certain cash and investment amounts are classified on the statement of net assets as restricted because applicable bond indentures or other legal provisions limit their use. Restricted cash and cash equivalents are included and used for their respective purposes.

G. Taxes Receivable

Net taxes receivable not expected to be collected within sixty days after the close of the fiscal year, thus not available to pay current liabilities at June 30, 2004, have been recorded in the balance sheet of the general fund as deferred revenue.

This is Metro Government's property tax calendar:

<u>Date</u>	<u>Event</u>
January 1, year of levy	Assessment date
October 1, year of levy	Taxes levied
November 30, year of levy	2% discount allowed
December 31, year of levy	Gross amount due
January 31, following year	5% penalty added
April 7, following year	10% interest plus 10% penalty added
May 1, following year	Delinquent date, \$16 penalty added to above

The Jefferson County Clerk collects personal property tax on vehicles when registered. The Jefferson County Sheriff bills and collects all property taxes on real estate and personal property excluding vehicles. Delinquent property bills are turned over to the County Clerk on May 1. Property tax revenues are recognized when levied to the extent that they result in current receivables.

Allowance for uncollectibles is composed of tax receivables which have been deemed uncollectible based on a trend analysis of collections over the past five fiscal years, and for loans receivable, based on an analysis which mainly considers payments past due.

H. Interfund Receivables/Payables

During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. These accounts exist solely to balance transactions between funds, and are eliminated on the government-wide statement of net assets.

I. Land Held for Development

Land held for development is stated at cost. Land and related costs are capitalized as incurred and charged to operations as related parcels are sold or otherwise transferred.

J. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. The costs of certain inventories are recorded as expenditures when purchased.

In the fund financial statements, reported inventories in the general fund are equally offset by a reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of total assets.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

Payments made to vendors for goods and services that will benefit periods beyond June 30, 2004 are recorded in assets as prepaid items.

K. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental column in the government-wide financial statements. Metro Government defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist, including infrastructure acquired prior to fiscal years ended after June 30, 1980. Donated capital assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Useful life</u>
Land improvements	20
Buildings & Improvements	10-40
Machinery & Equipment	3-10
Vehicles	5-20
Treasures	25
Infrastructure	10-40

L. Compensated Absences

Vested and accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported in the funds financial statements as an expenditure and a fund liability of the governmental fund that will pay it. In prior years the general fund typically has been used to liquidate these liabilities. In the government-wide statement of net assets, the total amount of vested or accumulated vacation leave is reported within the liabilities. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. Vacation pay may be accumulated up to 60 days. Earned vacation pay up to a maximum of 40 days is payable upon termination of employment.

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for sick pay benefits. Sick leave, which has no maximum accumulation, is charged to expense when paid.

Qualified participants in the County Employee's Retirement System ("CERS"), under certain circumstances, are eligible to convert accrued sick pay benefits into additional credit for years of service.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

M. Long-term Debt and Obligations

In the government-wide financial statements, proprietary fund types in the fund financial statements and component units, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources or other financing uses, respectively, and issuance costs are reported as debt service expenditures.

N. Claims and Judgments Payable

Claims and judgments payable represents estimates for medical, automobile liability, workers' compensation, and other claims incurred as of June 30, 2004. This liability includes both reported and unreported events. This amount was determined by Metro Government's management and also includes actuarially determined amounts by Metro Government's independent insurance administrators.

O. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

P. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions are reported as operating transfers.

Q. Reserved Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

R. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

1. Summary of Significant Accounting Policies, continued

S. Louisville Water Company Dividends

The LWC has a quarterly dividend policy. Because the reporting period of the LWC covers the year ended December 31, 2003, a timing difference arises and causes a difference in the dividends paid and received as illustrated by the following schedule:

<u>Date paid</u>	<u>Component Unit Dividends Paid</u>	<u>Revenue Commission Dividends Received</u>
March 31, 2003	\$ 3,079,708	\$ -
June 30, 2003	3,079,708	-
September 30, 2003	3,079,708	3,079,708
December 31, 2003	2,012,195	2,012,195
March 31, 2004	-	3,441,598
June 30, 2004	-	3,975,354
	<u>\$ 11,251,319</u>	<u>\$ 12,508,855</u>

2. Changes in Accounting Principles, Reporting Practices, and Prior Period Adjustments

The beginning balance of fund balance for the Special Revenue fund (a major fund) has been restated by \$8,553,668 from the prior year. The Special Revenue E911 fund (a non-major fund in the June 30, 2003 financial statements) was eliminated during fiscal year 2004 as a separate, non-major fund and has been included for presentation purposes with the major Special Revenue fund.

Beginning balances of net assets in the government-wide statements have been restated to reflect a correction in beginning capital assets in the amount of \$11,600,931. Properties associated with Metro Government were not previously identified during the first year of the new merged government.

3. Legal Compliance - Budgets

In early March of each year, Metro Government departments are required to submit operating and capital funding requests to the Mayor. The Budget Office, acting as staff for the Mayor, reviews the requested expenditures with each department in the context of available funds, Metro Government priorities, and related project revenues. By June 1, the Mayor presents his recommended operating and capital budgets to the Metro Council.

During the month of June, the Metro Council conducts public budget hearings. The Metro Council may increase or decrease the recommended budget so long as legal compliance is maintained. The Metro Council is required to enact the budget by July 1.

Revenue estimates are reviewed monthly or quarterly and adjusted as needed. Various supplemental appropriations (or appropriation reductions) are made throughout the year, subject to maintenance of legal compliance. During the year, supplemental appropriations were necessary. The effect of supplemental appropriations, as viewed from an overall budget perspective, is that a balanced budget (as required by state constitution) is always maintained.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

3. Legal Compliance – Budgets, continued

because either additional estimated revenues are available or appropriation reductions are implemented.

Operating budget appropriations are made and controlled at the department level. Capital budgets are appropriated and monitored by department and project.

4. Deposits, Investments, and Concentrations of Credit Risk

Metro Government maintains a cash and cash equivalent pool that is available for use by a majority of Metro Government's funds. Each fund's portion of the pool is displayed on the governmental funds' balance sheet as "cash and cash equivalents." In addition, deposits and investments are separately held by several of Metro Government's funds.

Deposits

Deposits are categorized into these three categories of credit risk:

- (A) Insured or collateralized with securities held by Metro Government or its agent in Metro Government's name.
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in Metro Government's name.
- (C) Uncollateralized.

At June 30, 2004, deposits were as follows:

	Category			Bank	Carrying
	A	B	C	Balance	Amount
Cash and cash equivalents:					
Primary Government	\$ 31,040,091		\$ 220,007	\$ 31,260,098	\$ 26,169,429
Component Units	4,523,623	\$ 1,544,105	824,560	6,892,288	4,764,976
	<u>\$ 35,563,714</u>	<u>\$ 1,544,105</u>	<u>1,044,567</u>	<u>\$ 38,152,386</u>	<u>\$ 30,934,405</u>

Investments

Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, with securities held by Metro Government or its agent in Metro Government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in Metro Government's name.
- (3) Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in Metro Government's name.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

4. Deposits, Investments, and Concentrations of Credit Risk, continued

At June 30, 2004, investment balances for Metro Government and its discretely presented component units were as follows:

	Category			Fair value
	1	2	3	
Primary Government:				
Repurchase agreements	\$ 15,000,612			\$ 15,000,612
U.S. Government obligations	23,206,559	\$ 683,581		23,890,140
U.S. Agency obligations	120,645,119	1,722,889		122,368,008
Commercial paper	19,978,908			19,978,908
Foreign bonds		55,060		55,060
Closed end mutual funds		182,768		182,768
Corporate bonds		2,817,280		2,817,280
Equity securities		20,742,729		20,742,729
Collateralized mortgage obligations		127,573		127,573
Total subject to categorization	178,831,198	26,331,880		205,163,078
Investments not subject to categorization:				
Money market funds				36,061,553
Real estate limited partnership				157,423
Total not subject to categorization				36,218,976
Total investments, Primary Government				241,382,054
Component Units:				
Repurchase agreements	8,043,459	17,884,000		25,927,459
Certificates of deposit	100,000	31,590		131,590
Money market investments	8,394,112	278,041		8,672,153
Commercial paper		5,443,000		5,443,000
U.S. Government obligations	41,104,829	186,022,720		227,127,549
Total investments, Component Units	57,642,400	209,659,351		267,301,751
Total investments, reporting entity	\$ 236,473,598	\$ 235,991,231		\$ 508,683,805

Except for the Louisville Water Company, whose fiscal year ended December 31, 2003, Metro Government's discretely presented component units also have fiscal years ending June 30, 2004.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

4. Deposits, Investments, and Concentrations of Credit Risk, continued

A reconciliation of cash and investments on the government-wide statement of net assets follows:

	Primary Government	Component Units	Reporting Entity
Carrying amount of deposits	\$ 26,169,429	\$ 4,764,976	\$ 30,934,405
Carrying amount of investments	241,382,054	267,301,751	508,683,805
Total	<u>267,551,483</u>	<u>272,066,727</u>	<u>539,618,210</u>
 Cash and cash equivalents	 \$ 42,141,023	 \$ 27,136,226	 \$ 69,277,249
Investments	147,965,602	4,669,883	152,635,485
Deposit with paying agent	45,000		45,000
Restricted assets:			
Cash and cash equivalents	18,149,684	111,050,791	129,200,475
Investments	10,432,014	129,209,827	139,641,841
Fiduciary fund cash	13,101,516		13,101,516
Fiduciary fund investments	35,716,644		35,716,644
Total	<u>\$ 267,551,483</u>	<u>\$ 272,066,727</u>	<u>\$ 539,618,210</u>

Concentrations of Credit Risk

Financial instruments, which potentially subject Metro Government to concentrations of credit risk, consist principally of temporary cash investments, taxes receivable and receivables from the federal and state governments.

Metro Government places its temporary cash investments with high credit quality financial institutions, and by policy, limits the amount of credit exposure to any one financial institution. Concentration of credit risk with respect to the receivables from the federal and state governments is limited due to the historical stability of those institutions.

Although Metro Government has taxes receivable from a variety of constituents, a substantial portion of the debtors' ability to honor this debt is dependent upon the widely diverse economic environment of the state and local area. However, property taxes attach as an enforceable lien on real property as of the date the taxes become delinquent.

5. Disaggregation of Accounts Receivable and Accounts Payable

Accounts receivable are amounts owed to Metro Government as of June 30, 2004. Those amounts to be received within one year are considered current. All others are considered non-current.

Receivables at June 30, 2004 for Metro Government's individual major funds and other governmental, internal service, and fiduciary funds in the aggregate, including allowance for uncollectibles, are as follows:

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

5. Disaggregation of Receivables and Payables, continued

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Govern- mental Funds	Total	Component Units
Receivables:						
Interest	\$ 634,998	\$ 4,467			\$ 639,465	
Taxes	5,491,369				5,491,369	
Accounts	9,742,627	1,376,175	\$ 40,349	\$ 48,568	11,207,719	\$ 32,162,301
Loans	2,908,495	13,999,948	10,153,213		27,061,656	
Notes	252,819				252,819	
Gross receivables	19,030,308	15,380,590	10,193,562	48,568	44,653,028	32,162,301
Less allowance for uncollectibles	1,522,457	6,036,629			7,559,086	
Net total receivables	<u>\$ 17,507,851</u>	<u>\$ 9,343,961</u>	<u>\$ 10,193,562</u>	<u>\$ 48,568</u>	<u>\$ 37,093,942</u>	<u>\$ 32,162,301</u>

Accounts payable are amounts owed by Metro Government as of June 30, 2004. Those liabilities to be paid within one year are considered current. All others are considered non-current.

Payables at June 30, 2004 for Metro Government's individual major funds and other governmental, internal service, and fiduciary funds in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Nonmajor Govern- mental Funds	Total	Component Units
Payables:						
Vendors	\$ 10,571,549	\$ 3,986,371	\$ 1,083,446	\$ 64,330	\$ 15,705,696	\$ 15,099,505
Other	1,003,086				1,003,086	
	<u>\$ 11,574,635</u>	<u>\$ 3,986,371</u>	<u>\$ 1,083,446</u>	<u>\$ 64,330</u>	<u>\$ 16,708,782</u>	<u>\$ 15,099,505</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

6. Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 276,735,556	\$ 2,147,788	\$ (9,980)	\$ 278,873,364
Land improvements	3,870,955			3,870,955
Construction in progress	32,999,509	7,465,137	(16,637,505)	23,827,141
Works of art	250,000	5,000		255,000
Total capital assets not being depreciated	313,856,020	9,617,925	(16,647,485)	306,826,460
Other capital assets:				
Land improvements	76,173,237	647,323		76,820,560
Buildings	328,056,321	11,415,134		339,471,455
Machinery and equipment	49,527,076	7,600,151	(816,908)	56,310,319
Vehicles	91,469,120	1,275,742	(4,638,877)	88,105,985
Collections & Works of art	28,372,966	2,762,333		31,135,299
Infrastructure	855,979,484	9,230,182		865,209,666
Total other capital assets at historical cost	1,429,578,204	32,930,865	(5,455,785)	1,457,053,284
Less accumulated depreciation for:				
Land improvements	(22,885,778)	(3,195,950)		(26,081,728)
Buildings	(102,110,428)	(1,452,643)		(103,563,071)
Machinery and equipment	(33,951,138)	(5,648,958)	653,306	(38,946,790)
Vehicles	(57,231,391)	(7,674,821)	4,205,816	(60,700,396)
Collections & Works of art	(22,149,322)	(2,409,777)		(24,559,099)
Infrastructure	(591,322,825)	(39,496,038)		(630,818,863)
Total accumulated depreciation	(829,650,882)	(59,878,187)	4,859,122	(884,669,947)
Other capital assets, net	599,927,322	(26,947,322)	(596,663)	572,383,337
Governmental activities capital assets, net	\$ 913,783,342	\$ (17,329,397)	\$ (17,244,148)	\$ 879,209,797

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

6. Capital Assets, continued

Depreciation expense was charged to governmental activities as follows:

General Government	
Metro Council	\$ 75
Mayor's Office	19,982
County Attorney	2,507
Other Elected Officials	184,837
Finance Department	3,415
Information Technology	277,542
Police Department	713,909
Fire Department	1,037,130
County Emergency Medical Services	66,417
Emergency Management	1,764,121
Corrections Department	1,496,860
Youth Placement Services	192,636
Public Works Department	42,744,620
Facilities Management	3,510,406
Solid Waste Management Services	8,351
Inspections, Permits and Licenses	7,028
Animal Control Services	9,180
Parks Department	581,527
Louisville Free Public Library	2,429,507
Louisville Zoological Gardens	824,094
Metro Development Authority	1,630,711
Office for Business Services	17,454
Planning and Development Services	1,793
Housing Department	1,094
Air Pollution Control	107,463
Waterfront Development Corporation	2,003,232
Redevelopment Authority	1,094
Health Department	241,202
Total depreciation expense	<u>\$ 59,878,187</u>

In addition, depreciation on capital assets held by the government's internal service funds, is charged to the various functions based on their usage of the assets.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

6. Capital Assets, continued

Capital asset activity for the LWC for the year ended December 31, 2003 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,689,588	\$ 268,926	\$ (150,094)	\$ 5,808,420
Construction in progress	47,291,394	61,136,458	(44,573,802)	63,854,050
Total capital assets not being depreciated	52,980,982	61,405,384	(44,723,896)	69,662,470
Other capital assets:				
Buildings	68,544,116	2,181,810	(1,179,660)	69,546,266
Machinery and equipment	32,058,079	1,944,045	(1,739,334)	32,262,790
Infrastructure	644,297,412	41,643,260	(11,446,783)	674,493,889
Total other capital assets at historical cost	744,899,607	45,769,115	(14,365,777)	776,302,945
Less accumulated depreciation for:				
Buildings	(26,259,446)	(1,409,119)	1,111,297	(26,557,268)
Machinery and equipment	(19,084,116)	(3,091,861)	1,684,670	(20,491,307)
Infrastructure	(164,197,182)	(12,217,231)	8,178,257	(168,236,156)
Total accumulated depreciation	(209,540,744)	(16,718,211)	10,974,224	(215,284,731)
Other capital assets, net	535,358,863	29,050,904	(3,391,553)	561,018,214
Capital assets, net	<u>\$ 588,339,845</u>	<u>\$ 90,456,288</u>	<u>\$ (48,115,449)</u>	<u>\$ 630,680,684</u>

Capital asset activity for PARC for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 9,304,855			\$ 9,304,855
Construction in progress	7,526,755	\$ 6,928,895	\$ (12,829,750)	1,625,900
Total capital assets not being depreciated	16,831,610	6,928,895	(12,829,750)	10,930,755
Other capital assets:				
Buildings and Improvements	66,149,312	12,191,095		78,340,407
Machinery and equipment	3,271,015	382,259		3,653,274
Total other capital assets at historical cost	69,420,327	12,573,354		81,993,681
Total accumulated depreciation	(26,018,428)	(3,041,529)		(29,059,957)
Other capital assets, net	43,401,899	9,531,825		52,933,724
Capital assets, net	<u>\$ 60,233,509</u>	<u>\$ 16,460,720</u>	<u>\$ (12,829,750)</u>	<u>\$ 63,864,479</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

6. Capital Assets, continued

Capital asset activity for TARC for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 2,774,190			\$ 2,774,190
Other capital assets:				
Buildings	23,260,332	\$ 141,475		23,401,807
Machinery and equipment	40,085,997	13,965,390	\$ (16,184,427)	37,866,960
Vehicles	74,592,116	13,716		74,605,832
Total other capital assets				
at historical cost	137,938,445	14,120,581	(16,184,427)	135,874,599
Less accumulated depreciation	(70,440,180)	(4,551,187)		(74,991,367)
Other capital assets, net	67,498,265	9,569,394	(16,184,427)	60,883,232
Capital assets, net	<u>\$ 70,272,455</u>	<u>\$ 9,569,394</u>	<u>\$ (16,184,427)</u>	<u>\$ 63,657,422</u>

Capital asset activity for Riverport for the year ended June 30, 2004 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 8,268,539			\$ 8,268,539
Other capital assets:				
Buildings	28,844,502	\$ 105,959	\$ (77,100)	28,873,361
Other	177,670	6,215		183,885
Total other capital assets				
at historical cost	29,022,172	112,174	(77,100)	29,057,246
Less accumulated depreciation for:				
Buildings	(11,594,045)	(860,120)		(12,454,165)
Other	(111,652)	(15,833)		(127,485)
Total accumulated depreciation	(11,705,697)	(875,953)		(12,581,650)
Other capital assets, net	17,316,475	(763,779)	(77,100)	16,475,596
Capital assets, net	<u>\$ 25,585,014</u>	<u>\$ (763,779)</u>	<u>\$ (77,100)</u>	<u>\$ 24,744,135</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

6. Capital Assets, continued

Capital asset activity for MSD for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ 405,036,000	\$ 119,675,000	\$ (100,888,000)	\$ 423,823,000
Other capital assets:				
Infrastructure	1,526,609,000	105,729,000		1,632,338,000
Less accumulated depreciation	<u>(398,727,000)</u>	<u>(37,435,000)</u>		<u>(436,162,000)</u>
Other capital assets, net	<u>1,127,882,000</u>	<u>68,294,000</u>		<u>1,196,176,000</u>
Capital assets, net	<u>\$ 1,532,918,000</u>	<u>\$ 187,969,000</u>	<u>\$ (100,888,000)</u>	<u>\$ 1,619,999,000</u>

Capital asset activity for the LSC for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Exhibits in progress	\$ 401,081	\$ 338,120		\$ 739,201
Other capital assets:				
Leasehold improvements	4,030,451	156,752		4,187,203
Machinery and equipment	1,697,846	7,606		1,705,452
Museum exhibits	<u>13,842,780</u>			<u>13,842,780</u>
Total other capital assets				
at historical cost	19,571,077	164,358		19,735,435
Less accumulated depreciation	<u>(8,871,673)</u>	<u>(1,445,012)</u>		<u>(10,316,685)</u>
Other capital assets, net	<u>10,699,404</u>	<u>(1,280,654)</u>		<u>9,418,750</u>
Capital assets, net	<u>\$ 11,100,485</u>	<u>\$ (942,534)</u>		<u>\$ 10,157,951</u>

7. Land Held for Development

Land held for development at June 30, 2004, is summarized as follows:

	<u>Capital Projects Fund</u>	<u>Riverport Authority</u>
Land held for development	<u>\$ 455,085</u>	<u>\$ 8,206,837</u>

In the Capital Projects Fund, as part of the effort to attract additional business to the metro area, the CEDC and the EDC enter into agreements with private employers to facilitate the acquisition of real estate needed for constructing new facilities. Under the agreements, the corporations purchase certain land and resell a portion of it to the employers. The corporations obtain deposits from the employers on future land sales and intend to sell the remaining parcels to other employers under similar arrangements.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

8. Risk Management

Metro Government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; professional liability exposures; injuries to employees; and natural disasters. The Insurance and Risk Management Fund ("Fund"), an internal service fund, was established in 1976 to consolidate all of the former City's insurance or self-insurance under a comprehensive risk management program. Under merger, this program now includes all Metro Government departments including PARC and includes the former Jefferson County Fiscal Court Risk Management Fund established in 1974. The Fund consists of a comprehensive self-insurance program relating to the following:

- (A) Automobile Liability: Self-insured up to \$300,000 per occurrence. Excess coverage is purchased through the Louisville Area Governmental Self-Insurance Trust ("LAGIT").
- (B) Worker's Compensation (covering all employees): Self-insured up to \$500,000 per occurrence. Excess coverage is purchased above this retained level.
- (C) Unemployment Compensation: Completely self-insured.
- (D) Group Health Coverage: Various programs including HMO and PPO are available as options to all eligible Metro Government employees. Beginning in January 2004, Metro Government Employees could participate in the newly formed health self-insurance fund, which is administered by Anthem and Humana.
- (E) General Liability: Various general liability exposures (including public official liability, law enforcement liability, medical professional liability, employers liability, and employment practices liability), self-insured up to a \$300,000 deductible per occurrence. Employer's liability has a \$1,300,000 per occurrence deductible (\$1,000,000 limit of liability above a \$300,000 self-insured retention is provided on an underlying commercial excess insurance policy). Excess coverage is purchased through LAGIT.
- (F) Automobile Physical Damage: Excess coverage is purchased for catastrophic losses through Louisville Area Governmental General Insurance Trust (LAGGIT) above a \$100,000 self-insured retention per occurrence.
- (G) Real and Business Personal Property: Metro Government's property exposures are self-insured up to \$250,000 per occurrence, except for flood coverage which carries a deductible of \$250,000 in addition to the amount of insurance available under the National Flood Insurance Program, whether purchased or not. Excess coverage is purchased on a blanket limit basis under the Louisville Area Governmental General Insurance Trust (LAGGIT) for up to \$500 million, subject to certain sub-limits for specific exposures.

Revenues come from either Metro Government's general fund or from interagency charges developed through an independent actuarial study each year. Revenues are forecasted to match expenses, which include estimated incurred losses for both known and incurred but not reported claims, premiums for excess insurance coverage to complement the self-insurance programs, various taxes and assessments, and administrative operating expenses.

It is Metro Government's policy to fund its reserves for all property and liability exposures by charging to expense the estimated reserve amounts anticipated for claims reported during

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

8. Risk Management, continued

the fiscal period in which the claim occurs. An additional expense is charged at the end of the fiscal period for claims, which are anticipated to have occurred during the period, but have not yet been reported.

In addition to the comprehensive self-insurance programs mentioned above, Metro Government purchases various types of primary insurance coverage, including government crime coverage (employee dishonesty and faithful performance coverage), aircraft and watercraft liability and hull coverage, and long-term disability coverage for full-time employees.

The claims liability of \$17,655,545 reported in the Insurance and Risk Management Fund (Internal Service Fund) at June 30, 2004 is based on the requirements of GASB Statement No. 30, *Risk Financing Omnibus*. Claims liabilities are estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. Claims liabilities include specific, incremental claim adjustment expenses; allocated loss adjustments; and are reduced for estimated recoveries on unsettled claims. Changes in the Fund's claims liability amount in fiscal years 2003 and 2004 were as follows:

Year ending June 30	Balance Beginning of year	Claims and Changes in Estimates	Claim Payments	Balance End of year
2003	\$ 13,266,592	\$ 8,417,385	\$ 5,586,499	\$ 16,097,478
2004	\$ 16,097,478	\$ 8,447,327	\$ 6,889,260	\$ 17,655,545

The liability associated with the Health self-insurance fund as of June 30, 2004 is indeterminable for fiscal year 2004, but should be covered under the assessment of the former health plan, since the fund was only in existence for a portion of fiscal year 2004. Additionally, any future liability will be actuarially considered in upcoming years.

Metro Government is also a member of LAGIT (for liability exposures) and a member of LAGGIT (for property exposures) which are separate risk-sharing mechanisms formed for public entities located in Jefferson County, Kentucky. The Metro Risk Management Division has the administrative responsibility for actual operations of LAGIT and LAGGIT. For this service, Metro Government receives an annual administrative fee of \$89,214 of which \$19,039.80 was transferred to the County Attorney's Office for legal services.

Metro Government has not had any settled claim that has exceeded the above coverage's in any of the past three fiscal years except that the former Jefferson County Fiscal Court did settle a class action liability claim out of general funds, which exceeded expected costs in fiscal year 2000 and into 2001.

The LWC, Riverport, LSC, MSD and TARC have established and administer various insurance and self-insurance programs in the areas of Automobile Liability, General Liability, Employee Dishonesty, Workers' Compensation and Real and Personal property with various retentions and deductibles to protect their assets.

Automobile liability and general liability, as well as real and personal property excess insurance, are maintained through the LAGIT and LAGGIT programs for MSD and TARC.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

8. Risk Management, continued

Metro Government, by contract, is responsible for LSC's primary general liability exposures; therefore they are also members of the LAGIT Trust.

9. Long-Term Debt

A. Primary Government

Upon merger, Metro Government assumed all long-term debt of the former City of Louisville and Jefferson County. Prior to merger, the City and County each issued General Obligation Bonds and First Mortgage and Lease Revenue Bonds and notes to provide funds for the acquisition and construction of major capital facilities or to refund prior bond issues. The General Obligation bonds are direct obligations and pledge the full faith and credit of Metro Government.

There is \$245,589,000 of General Obligation Bonds outstanding at June 30, 2004. The primary collateral for the General Obligation Bonds is the occupational license tax and net profits license tax collected by the Louisville/Jefferson County Revenue Commission. The Revenue Commission is the fiscal agent for general obligation bonded debt issued by the City of Louisville before January 6, 2003, and by Metro Government thereafter. Metro Government is the fiscal agent for general obligation bonded debt issued before January 6, 2003 by Jefferson County Fiscal Court. Metro Government's general fund is contingently liable as guarantor of the general obligation bonded debt.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

9. Long Term Debt, continued

General Obligation Bonds outstanding, including accreted interest, at June 30, 2004 are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity	Debt Outstanding June 30, 2004
City of Louisville General Obligation				
Serial Bonds:				
Refunding Bonds, Series 1998A	\$ 25,650	3.85 to 4.50 %	2018	\$ 21,055
Series 2001A	13,490	3.50 to 5.00	2021	12,575
Series 2002A Exempt	38,900	3.00 to 5.00	2023	38,900
Series 2002B Taxable	8,550	3.00 to 6.05	2023	8,550
Jefferson Co. General Obligation				
Bonds:				
1998A Serial Bonds	28,650	4.00 to 4.90	2019	23,470
1999A Serial & Term Bonds	8,800	4.75 to 5.15	2009	1,745
1999B Serial & Term Bonds	6,790	4.75 to 5.15	2009	2,865
1999C Serial & Term Bonds	15,265	5.375 to 6.15	2016	12,200
2000A Term & Coupon Bonds	2,595	7.70	2016	2,100
2000B Capital Appreciation Bonds	50,096	5.15 to 6.00	2015	45,459
2001A Current Interest Bonds	36,900	5.00 to 5.50	2012	28,640
2001B Current Interest Bonds	2,885	5.00 to 5.50	2011	2,175
2002A Serial Coupon	32,995	3.00 to 4.75	2020	29,405
2002B Serial Coupon	16,450	2.75 to 3.00	2008	16,450
Total general obligation bonds				<u>\$ 245,589</u>

Debt service requirements to maturity, not including accreted interest, for General Obligation Bonds are as follows (in thousands):

Year ending			
June 30	Principal	Interest	Total
2005	\$ 19,486	\$ 9,957	\$ 29,443
2006	19,811	9,623	29,434
2007	20,239	9,260	29,499
2008	18,917	8,874	27,791
2009	16,533	8,502	25,035
2010-2014	75,311	35,781	111,092
2015-2019	45,740	13,401	59,141
2020-2024	19,835	2,455	22,290
Totals	<u>\$ 235,872</u>	<u>\$ 97,853</u>	<u>\$ 333,725</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

9. Long Term Debt, continued

There is \$127,840,000 of First Mortgage and Lease Revenue Bonds outstanding at June 30, 2004. They are collateralized by mortgages on improvements to facilities acquired or constructed with debt proceeds. Annual debt service requirements are provided from the general fund in amounts pursuant to contracts and lease arrangements.

Series 1998 of First Mortgage Revenue Refunding Bonds were issued to refinance the earlier acquisition of certain downtown properties. On December 28, 1995 the City of Louisville Public Properties Corporation ("Corporation") sold one of these parcels to the Louisville and Jefferson County Convention and Visitors Commission ("Commission"). In exchange for the property, the Corporation received \$5,337,124 in Subordinate Series C bonds issued by the Commission. These Series C bonds were redeemed in January 2004 in a transaction associated with the refunding of the Commission's Series 1995A, 1996B, 1997BB and 1999BBB bond issues. All the bonds had been issued relative to the same Commission project. The Series C bonds were Capital Appreciation Bonds accreting interest at an annual rate of six percent. The bonds had an accreted value of \$8,319,700 on the June 30, 2003 balance sheet of the Corporation within the non-major funds. The Corporation received proceeds of \$8,609,354, the accreted value of the Series C bonds at the time of the transaction.

First Mortgage and Lease Revenue Bonds outstanding, including accreted interest, at June 30, 2004 are as follows (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity	Debt Outstanding June 30, 2004
City of Louisville Public Properties Corporation First Mortgage Bonds:				
Refunding Revenue Bonds,				
Series February 1992	\$ 4,650	6.00 %	2005	\$ 485
Revenue Bonds, Series 1993 A	1,965	5.20 to 5.50	2013	890
Revenue Refunding Bonds,				
Series 1998	13,090	4.30 to 5.00	2022	10,945
Revenue Bonds, Second Series 1998	23,200	5.250 to 6.375	2018	19,580
Jefferson Co. Lease Revenue Bonds:				
1992A Municipal Multiplier				
Term Bonds	16,764	6.75 to 7.00	2018	36,445
1997 Current Interest Bonds	66,000	5.20 to 5.50	2028	59,495
Total First Mortgage and Lease Revenue Bonds				<u>\$ 127,840</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

9. Long Term Debt, continued

Debt service requirements to maturity, not including accreted interest, for First Mortgage and Lease Revenue Bonds are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2005	\$ 3,090	\$ 4,969	\$ 8,059
2006	2,740	4,805	7,545
2007	2,885	4,661	7,546
2008	3,659	5,525	9,184
2009	4,797	7,259	12,056
2010-2014	27,414	41,591	69,005
2015-2019	29,384	35,365	64,749
2020-2024	18,695	7,276	25,971
2025-2028	15,720	2,220	17,940
Totals	<u>\$ 108,384</u>	<u>\$ 113,671</u>	<u>\$ 222,055</u>

Notes payable outstanding at June 30, 2004 are as follows (in thousands):

Description of Issue	Interest Rate	Maturity	Debt Outstanding June 30, 2004
IBM Credit Corporation	5.05 %	2008	\$ 695
Union Trust Project	88% of prime	2007	113
Total Notes payable			<u>\$ 808</u>

Debt service requirements to maturity for notes payable are as follows (in thousands):

Year ending June 30	Principal	Interest	Total
2005	\$ 239	\$ 36	\$ 275
2006	250	24	274
2007	261	11	272
2008	58	1	59
Totals	<u>\$ 808</u>	<u>\$ 72</u>	<u>\$ 880</u>

B. Discretely Presented Component Units

Louisville Water Company

LWC had \$77,510,000 in Water System Revenue Bonds, Series 2000, \$51,230,000 in Water System Refunding Bonds, Series 2001, \$652,489 in various Kentucky Infrastructure Authority loans and notes, and \$429,000 in GMAC bonds outstanding at December 31, 2003.

The Series 2000 bonds mature annually in amounts ranging from \$990,000 to \$5,870,000 from November 15, 2003 through 2025 and bear interest at rates ranging from 5.0% to

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

9. Long Term Debt, continued

5.5%. The Series 2001 bonds mature annually in amounts ranging from \$3,495,000 to \$5,845,000 from November 15, 2001 through 2014 and bear interest at rates ranging from 4.0% to 4.7%.

Annual debt service requirements to maturity for Water System Revenue Bonds are as follows (in thousands):

<u>Year ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 6,161	\$ 6,335	\$ 12,496
2005	5,900	6,062	11,962
2006	6,210	5,795	12,005
2007	6,495	5,515	12,010
2008	6,800	5,222	12,022
2009-2013	39,335	21,015	60,350
2014-2018	23,865	12,472	36,337
2019-2023	23,630	6,930	30,560
2024-2028	11,425	937	12,362
Totals	<u>\$ 129,821</u>	<u>\$ 70,283</u>	<u>\$ 200,104</u>

Parking Authority of River City, Inc.

PARC, an Enterprise Fund and a nonprofit corporation established by the City to assist in the development of the downtown riverfront area and other areas within the inner city, has \$24,030,000 of First Mortgage Revenue Refunding Bonds Series 1997, \$10,920,000 of First Mortgage Revenue Refunding Bonds Series 2001, and \$19,250,000 of First Mortgage Revenue Bonds Series 2002 outstanding at June 30, 2004, less \$3,191,264 of unamortized discount and loss on bond refunding, equaling \$51,008,736 of outstanding debt shown on the statement of net assets. The Series 2002 bonds were issued in December 2002, and the proceeds are being used for construction of a parking garage at the Muhammad Ali Center and completion of construction and improvements to other existing parking garages.

The Series 1997 bonds mature annually in amounts ranging from \$1,886,808 to \$876,375 from December 1, 2003 through December 1, 2020 and bear interest ranging from 4.0% to 5.0%. The Series 2001 bonds mature semi-annually in amounts ranging from \$611,799 to \$603,644 from December 31, 2003 through December 1, 2020 and bear interest ranging from 3.5% to 4.625%. The Series 2002 bonds mature semi-annually in amounts ranging from \$440,801 to \$1,363,250 from December 1, 2003 through June 1, 2032 and bear interest ranging from 2.5% to 5.0%.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

9. Long Term Debt, continued

Annual debt service requirements to maturity for PARC Revenue Bonds are as follows (in thousands):

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 2,220	\$ 2,450	\$ 4,670
2006	2,510	2,360	4,870
2007	2,610	2,257	4,867
2008	2,715	2,147	4,862
2009	2,835	2,030	4,865
2010-2014	16,210	8,103	24,313
2015-2019	10,405	4,624	15,029
2020-2024	5,655	2,915	8,570
2025-2029	5,235	1,755	6,990
2030-2033	3,805	387	4,192
Totals	<u>\$ 54,200</u>	<u>\$ 29,028</u>	<u>\$ 83,228</u>

Louisville and Jefferson County Riverport Authority

Riverport has a loan payable to the Kentucky Economic Development Cabinet in connection with the construction of a bulk commodity terminal facility. The loan is payable annually through 2007 and bears interest at the rate of 5.5% per annum. Loan payments are waived if Riverport's gross proceeds are insufficient to cover port operator expenses and debt service in a given year. All loan payments were waived for the fiscal year ended June 30, 2004.

Annual debt service requirements for the loan payable are as follows (in thousands):

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 28	\$ 5	\$ 33
2006	30	3	33
2007	32	2	34
Totals	<u>\$ 90</u>	<u>\$ 10</u>	<u>\$ 100</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

9. Long Term Debt, continued

Metropolitan Sewer District

MSD has \$1,294,993,000 of Revenue bonds outstanding as of June 30, 2004, less \$23,462,000 of an unamortized loss on refunding, equaling \$1,271,531,000 of outstanding debt shown on the statement of net assets. MSD's various bonds outstanding are listed in the following table (in thousands):

Description of Issue	Original Issue Amount	Interest Rate	Maturity	Debt Outstanding June 30, 2004
Sewer and Drainage System				
Revenue Bonds:				
Series 1994A	\$ 65,695	6.75 to 8.00 %	2025	\$ 685
Series 1996A	47,715	5.20 to 8.00	2026	44,260
Series 1997A	51,245	5.25 to 6.00	2027	48,590
Series 1997B	68,350	4.00 to 5.20	2025	68,185
Series 1998A	260,000	4.25 to 9.00	2030	251,380
Series 1999A	300,000	5.25 to 6.50	2033	297,070
Series 2001A	300,000	5.00 to 5.50	2036	300,000
Series 2003A and 2003B	191,000	variable	2023	184,800
Series 2004A	100,000	5.00 to 5.25	2038	100,000
Subordinated Sewer Revenue Bonds	830	5.00 to 5.25	2004	23'
Total Sewer and Drainage System Revenue Bonds				<u>\$ 1,294,993</u>

Annual debt service requirements to maturity for Sewer and Drainage System Revenue Bonds are as follows (in thousands):

Year ending			
June 30	Principal	Interest	Total
2005	\$ 15,303	\$ 67,439	\$ 82,742
2006	16,170	66,539	82,709
2007	17,105	65,581	82,686
2008	18,090	64,567	82,657
2009	19,125	63,520	82,645
2010-2014	110,025	302,843	412,868
2015-2019	139,000	273,215	412,215
2020-2024	179,765	235,052	414,817
2025-2029	233,085	183,785	416,870
2030-2034	302,150	114,801	416,951
2035-2037	245,175	28,906	274,081
Totals	<u>\$ 1,294,993</u>	<u>\$ 1,466,248</u>	<u>\$ 2,761,241</u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

9. Long Term Debt, continued

C. Summary of Debt Transactions:

Long-term liability activity for the year ended June 30, 2004 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions and Accreted Interest</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES:					
Bonds and notes payable:					
General obligation debt	\$ 257,421	\$ 1,568	\$ (13,400)	\$ 245,589	\$ 19,486
Revenue bonds	131,181	2,394	(5,735)	127,840	3,090
Note	1,037		(229)	808	239
Total bonds and notes payable	<u>389,639</u>	<u>3,962</u>	<u>(19,364)</u>	<u>374,237</u>	<u>22,815</u>
Other liabilities:					
Capital lease	680		(56)	624	60
Claims and judgments	22,097	8,447	(6,889)	23,655	8,119
Compensated absences	16,146	13,300	(13,677)	15,769	1,122
Total other liabilities	<u>38,923</u>	<u>21,747</u>	<u>(20,622)</u>	<u>40,048</u>	<u>9,301</u>
Governmental activities long-term liabilities	<u>\$ 428,562</u>	<u>\$ 25,709</u>	<u>\$ (39,986)</u>	<u>\$ 414,285</u>	<u>\$ 32,116</u>
COMPONENT UNITS:					
Bonds payable:					
Louisville Water Co.	\$ 134,459		\$ (4,638)	\$ 129,821	\$ 6,161
Parking Authority of River City, Inc.	52,877		(1,868)	51,009	2,220
Riverport Authority	117		(27)	90	29
Metropolitan Sewer District	1,208,085	\$ 100,000	(36,554)	1,271,531	15,303
Total bonds payable	<u>1,395,538</u>	<u>100,000</u>	<u>(43,087)</u>	<u>1,452,451</u>	<u>23,713</u>
Other liabilities:					
Claims and judgments	1,334	1,145	(1,166)	1,313	
Compensated absences	5,167	297	(119)	5,345	2,971
	<u>6,501</u>	<u>1,442</u>	<u>(1,285)</u>	<u>6,658</u>	<u>2,971</u>
Component units long-term liabilities	<u>\$ 1,402,039</u>	<u>\$ 101,442</u>	<u>\$ (44,372)</u>	<u>\$ 1,459,109</u>	<u>\$ 26,684</u>

Balances for claims and judgments include \$17,655,543 reported in the Insurance and Risk Management Fund, an Internal Service Fund.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

10. Capital Lease Obligations

Jefferson County Fiscal Court financed the purchase of radio equipment for its public works department through a capital lease obligation of \$944,652, which has been assumed by Metro Government. The obligation requires quarterly payments of principal and interest of \$24,297 through September 2012. The interest rate of the obligation is 6.20%.

Annual debt service requirements to maturity for capital leases are as follows:

Year ending			
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 59,878	\$ 37,312	\$ 97,190
2006	63,677	33,512	97,189
2007	67,718	29,471	97,189
2008	72,015	25,174	97,189
2009	76,585	20,604	97,189
2010-2013	284,094	31,772	315,866
Totals	<u>\$ 623,967</u>	<u>\$ 177,845</u>	<u>\$ 801,812</u>

11. Conduit Debt Obligations

At June 30, 2004, the original issuance amounts of Industrial Building Revenue Bonds issued by the former City of Louisville totaled \$293 million. The original issuance amounts of Industrial Building Revenue Bonds issued by Jefferson County Fiscal Court totaled approximately \$3.91 billion. Metro Government's original issuance amounts of Industrial Building Revenue Bonds total \$133.8 million. Through the Office for Business Services, Metro Government assists local businesses and industry in financing new and expanded facilities with proceeds of these bond issues. These bonds are collateralized by the facilities constructed with the bond proceeds and a pledge of revenues derived from those facilities. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Metro Government has no obligation for repayment of the bonds or related interest. Accordingly, the bonds and related assets are not included in Metro Government's financial statements.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

12. Interfund Receivables, Payables, and Transfers

Interfund receivable and payable balances at June 30, 2004 are as follows:

<u>Due From/To Other Funds</u>			
Fund		Interfund Receivable	Interfund Payable
General		\$ 21,079,204	\$ 1,158
Capital Projects			
Other Governmental		640,761	11,028
Agency:			
Revenue Commission		32,905,690	24,302,502
Mass Transit		2,594,723	
Internal Service:			
Insurance and Risk Management			
Revenue Commission			32,905,690
Totals		<u>\$ 57,220,378</u>	<u>\$ 57,220,378</u>

These balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers at June 30, 2004 are as follows:

<u>Transfers out:</u>	<u>Interfund Transfers</u>			
	<u>Transfers in:</u>			
			Nonmajor Governmental funds	Total
	<u>General fund</u>	<u>Capital Projects fund</u>		
General fund			\$ 35,594,116	\$ 35,594,116
Special Revenue fund	\$ 682,360		489,601	1,171,961
Capital Projects fund	7,353		1,089,721	1,097,074
Nonmajor Governmental funds		\$ 4,911,600		4,911,600
Total transfers out	<u>\$ 689,713</u>	<u>\$ 4,911,600</u>	<u>\$ 37,173,438</u>	<u>\$ 42,774,751</u>

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

13. Customer Contributions for Water Pipeline Construction

The LWC requires consumers to make a deposit for the cost of construction of pipelines and special services. These advances are refundable, within certain time limits up to 20 years, under the terms of the various contracts.

The customer advances for construction account reflects the liability for probable refunds of construction advances at some future date. When the period during which the refund can be made has expired, any balance is transferred to contributions in aid of construction.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

13. Customer Contributions for Water Pipeline Construction, continued

The cost of construction of pipelines and services paid for by the customers, which are not refundable, are reported on the statement of net assets as restricted for capital projects. The net increase in this account during the year totaled \$13,249,414 and is shown on the statement of revenues, expenses and changes in net assets as non-operating revenue.

14. Contingent Liabilities

Litigation

The Metro Government has been named as a defendant in various legal actions, including litigation regarding the computation of overtime pay for firefighters in previous years. The ultimate outcome of these various legal actions cannot be determined with certainty. Management does not anticipate that such actions will have a material impact on the financial position of Metro.

Federal Grants

In the normal course of operations, the Metro Government receives grant funds from various federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise, as the result of audits of grant funds is not believed to materially affect the financial condition of Metro.

Lease and Sublease Agreement, University of Louisville Stadium Bonds

In 1997 Jefferson County issued \$18,500,000 in bonds, which was used to pay for a portion of the cost of constructing the University of Louisville Papa John's Cardinal Stadium. The University of Louisville Athletic Association (ULAA) has agreed to pay all principal, interest, and premiums on the bonds and to maintain and insure the project so long as any bonds remain outstanding. However, pursuant to the terms of a lease and sublease agreement, in the event that the ULAA does not make the debt service payments, Metro Government is to pay for all principal, interest, and premiums on the bonds, subject to a maximum financial obligation in any fiscal year of \$2 million.

15. Deferred Compensation

LWC and MSD offer their employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. MSD also offers their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 401(k). The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, released in 1997, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from the statement of net assets. Metro Government, the LWC and MSD therefore do not show these assets and liabilities on their respective statements of net assets.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

16. Post-Employment Health Care Benefits

Retired Metro Government employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the County Employees' Retirement System. As outlined in their respective union contracts, retired firefighters and policemen covered under the Pension Trust Funds may continue health care and life insurance through Metro Government, but they bear the full cost of premiums.

17. Landfill Closure and Post-closure Care Costs

Metro Government owns three landfill sites that were operated by the former City of Louisville, which are closed and not accepting waste. State and federal laws and regulations require certain maintenance and monitoring functions at the sites for 30 years after closure. If the landfills were still in operation, Metro Government would be required to report a portion of the closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each fiscal year end.

Because all landfills were closed in prior years, 100% of landfill closure and postclosure care costs, estimated at \$1,747,462, were recorded as an expense and corresponding liability at June 30, 1995, in the Capital Cumulative Reserve Fund of the former City. Payments and changes in estimates have increased (decreased) this liability from prior years to \$118,179 at June 30, 2004. Future costs may vary from that amount because of inflation, changes in technology, or changes in regulations.

18. Pension Plans

A. County Employees' Retirement System

Plan Description

Metro Government and LWC contribute to the County Employees Retirement System ("CERS") which is a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems, an agency of the Commonwealth of Kentucky. The CERS provides for retirement, disability and death benefits to plan members and beneficiaries. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for CERS. That report may be obtained by writing to the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124.

Funding Policy

Plan members are required to contribute 5% (8% for participants in the Hazardous Duty Plan) of creditable compensation and Metro Government and the LWC are required to contribute at an actuarially determined rate. The rate as of June 30, 2004, is 7.34% (18.51% under the Hazardous Duty Plan) of participating employees' compensation. The contribution requirements of plan members and Metro Government are established and may be amended by the CERS board of Trustees. Metro Government's contribution to the CERS for the years ending June 30, 2004 and 2003 were \$30,888,750 and \$26,755,801 respectively. The City's contributions to the CERS for the year ended June 30, 2002 was \$15,397,843, and Fiscal Court's contribution for the same year was

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

18. Pension Plans, continued

\$10,463,599, respectively, all equal to required contributions for each year. The LWC's contributions to the CERS for years ending December 31, 2003, 2002, and 2001 were \$2,092,949, \$1,648,628, and \$1,652,766, respectively, equal to required contributions for each year.

B. Fire and Police Pension Trust Funds

Plan Descriptions

Most of the former City's firemen and policemen transferred to CERS in 1989 and 1986, respectively. For those who did not transfer, Metro Government contributes to the Firefighters' Pension Fund and the Policemen's Retirement Fund. Both of these are single employer defined benefit pension plans. These plans do not issue reports on a stand-alone basis.

The Funds provide retirement, death, and disability benefits. A member may retire under the provisions of the Firefighters' Pension Fund after reaching the age of 62 or having completed 20 years of service (25 years of service if hired after July 1, 1984). A member may retire under the provisions of the Policemen's Retirement Fund after reaching age 62 or having completed 20 years of service (25 years of service if hired on or after April 1, 1985). Employee accounts vest after 10 years of service under the Firefighters' Pension Fund and 5 years under the Policemen's Retirement Fund.

Employees who retire with 20 years of service are eligible to receive 50% of their three-year average salary (25 years of service are eligible to receive 56% of their three-year average salary, if hired after July 1, 1984) under the Firefighters' Pension Fund. The three-year average salary is the sum of the three highest fiscal years of annual base salary plus overtime and supplemental pay. Under the Policemen's Retirement Fund, employees who retire at or after age 62 with 5 or more years of service are entitled to receive payments for the remainder of their lives equal to 2% of their three-year average base salary times the number of years of service. Both Funds provide up to a maximum of 75% of the three-year average salary as the length of service increases. Upon termination, employees having completed 10 years of service but not considered eligible for normal retirement, shall receive a refund of contributions without interest under the Firefighters' Pension Fund. Under the Policemen's Retirement Fund, an employee who completes 5 years of service but is not yet eligible for normal retirement shall receive three-fourths of his contributions to the Fund without interest, upon termination.

Both Funds include death and disability benefits whereby the surviving spouse or disabled employee is entitled to receive certain benefits. Death benefits may reach 75% of base pay (at time of death) plus overtime and supplemental pay for firefighters and 75% of base pay for policemen. Disability payments may reach 75% of base pay (at time of disability) plus overtime and supplemental pay for firefighters and 75% of base pay for policemen. Under both Funds, the disabled employee is entitled to receive disability payments for life, while the surviving spouse may receive death benefits for life or as long as the spouse does not remarry.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

18. Pension Plans, continued

Membership of each plan consisted of the following at June 30, 2004:

	Firefighters' Pension <u>Fund</u>	Policemen's Retirement <u>Fund</u>
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits	292	251
Vested active plan participants	0	1

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting - The preparation of the financial statements of the Firefighters' Pension Fund and the Policemen's Retirement Fund generally conform to the provisions of the GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*. The financial statements of the Funds are prepared on the accrual basis. Plan member contributions are recognized in the period in which the contributions are due. Metro Government's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The cost of administering the plans is financed by Metro Government and is based on budgets submitted by the administrators on an annual basis.

Investments - Investments are stated at fair value. Securities traded on a national exchange are valued at the last reported sales price. Gains or losses on the sale of fixed income securities are recognized using the completed transaction method. There are no significant investments (other than U.S. Government and U.S. Government Agencies) in any one organization that represent 5% or more of net assets available for benefits. There are no investments or other assets legally reserved for purposes other than the payment of member benefits for either Fund.

Contributions

The contribution requirements and benefit provisions for the Funds are established by state statute and Metro Government ordinance. Employees covered under the Firefighters' Pension Fund were required to pay 7.0% of their gross earnings to the Fund. The employee contribution rate is 6.5% for the Policemen's Retirement Fund. Based on the actuarial valuations performed by consulting actuaries at January 1, 2004, Metro Government is required to make contributions to the Police Retirement Fund of \$922,954 and to the Firefighters' Pension Fund of \$620,447 for the fiscal year beginning July 1, 2004. Actuarial assumptions and other information used to determine the annual required contributions are located in the Required Supplemental Information – Pensions section of this report.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

18. Pension Plans, continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION & BENEFIT TRUST FUNDS
June 30, 2004

	<u>Firefighters'</u> <u>Pension Trust</u>	<u>Policemen's</u> <u>Retirement</u> <u>Fund</u>	<u>Total Pension</u> <u>& Benefit</u> <u>Trust</u>
ASSETS			
Cash and cash equivalents	\$ 645,524	\$ 320,794	\$ 966,318
Equity securities	10,108,611	10,634,118	20,742,729
Corporate bonds	2,120,405	696,875	2,817,280
US Government obligations	579,143	104,438	683,581
US Agency obligations	930,649	792,240	1,722,889
Other investments	340,056	182,768	522,824
Accounts receivable and accrued interest	213,159	149,065	362,224
Prepaid Expenses		4,120	4,120
	<u>14,937,547</u>	<u>12,884,418</u>	<u>27,821,965</u>
Total assets			
LIABILITIES			
Accounts payable	255,650	•	255,650
Health Ins Reimb and Accrued Liabilities	<u>153,148</u>	<u>138,728</u>	<u>291,876</u>
	<u>408,798</u>	<u>138,728</u>	<u>547,526</u>
Total liabilities			
NET ASSETS			
Held in trust for pensions	<u><u>\$ 14,528,749</u></u>	<u><u>\$ 12,745,690</u></u>	<u><u>\$ 27,274,439</u></u>

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
NOTES TO THE FINANCIAL STATEMENTS, continued
June 30, 2004

18. Pension Plans, continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION & BENEFIT TRUST FUNDS
For the Year Ended June 30, 2004

	<u>Firefighters' Pension Trust</u>	<u>Policemen's Retirement Fund</u>	<u>Total Pension & Benefit Trust</u>
ADDITIONS			
Contributions:			
Employer	\$ 600,294	\$ 651,469	\$ 1,251,763
Member		3,673	3,673
Total contributions	<u>600,294</u>	<u>655,142</u>	<u>1,255,436</u>
Investment earnings:			
Increase (decrease) in fair value	1,386,461	1,464,615	2,851,076
Interest and dividends	<u>376,602</u>	<u>276,773</u>	<u>653,375</u>
Total investment earnings	<u>1,763,063</u>	<u>1,741,388</u>	<u>3,504,451</u>
Investment expense	<u>(141,061)</u>	<u>(158,449)</u>	<u>(299,510)</u>
Net investment earnings	1,622,002	1,582,939	3,204,941
Other income	<u>1,010,492</u>	<u>855,648</u>	<u>1,866,140</u>
Total additions	<u>3,232,788</u>	<u>3,093,729</u>	<u>6,326,517</u>
DEDUCTIONS			
Benefit payments	3,308,117	2,654,080	5,962,197
Administration expense	192,006	184,606	376,612
Health Ins Reimbursements	<u>665,792</u>	<u>508,048</u>	<u>1,173,840</u>
Total deductions	<u>4,165,915</u>	<u>3,346,734</u>	<u>7,512,649</u>
Net decrease	(933,127)	(253,005)	(1,186,132)
Net assets--beginning of the year	<u>15,461,876</u>	<u>12,998,695</u>	<u>28,460,571</u>
Net assets--end of the year	<u><u>\$ 14,528,749</u></u>	<u><u>\$ 12,745,690</u></u>	<u><u>\$ 27,274,439</u></u>

19. Subsequent Events

In November 2004, Metro Government issued \$29,495,000 of General Obligation Bonds, consisting of \$23,840,000 Series 2004A, and \$5,655,000 Series 2004B. The Series 2004A Bonds are payable in principal installments of \$795,000 to \$1,790,000, plus interest at 3.0% to 5.0% over 20 years. The Series 2004B Bonds are payable in principal installments of \$190,000 to \$420,000, plus interest at 3.0 % to 5.0% over 20 years.

Proceeds of the Series 2004A Bonds will be used for financing public projects and public-property maintenance outlined in the Mayor's Foundation for the Future Program. The Series 2004B Bonds are being issued for the purpose of financing improvements of designated public parking facilities for PARC.

Continued

REQUIRED SUPPLEMENTARY INFORMATION

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amounts - GAAP Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	\$ 111,059,700	\$ 110,919,100	\$ 113,164,349	\$ 2,245,249
Occupational taxes	250,900,000	250,900,000	260,797,870	9,897,870
Licenses and permits	394,000	9,260,000	10,544,820	1,284,820
Intergovernmental	22,838,100	46,098,372	49,220,274	3,121,902
Charges for services	64,303,900	50,851,814	22,251,927	(28,599,887)
Fees and fines	5,375,500	6,485,500	1,016,230	(5,469,270)
Investment income (loss)	-	1,308,144	(237,138)	(1,545,282)
Dividends	12,700,000	12,700,000	12,687,780	(12,220)
Donations	6,073,900	6,173,632	3,993,884	(2,179,748)
Miscellaneous	2,516,700	3,280,965	2,684,551	(596,414)
Total revenues	<u>476,161,800</u>	<u>497,977,527</u>	<u>476,124,547</u>	<u>(21,852,980)</u>
EXPENDITURES				
Current operating:				
General Government	21,711,800	22,338,286	20,427,233	1,911,053
Internal Audit	695,200	695,200	580,394	114,806
Finance	7,472,300	11,259,981	8,816,523	2,443,458
External Agencies	5,297,700	5,497,700	4,417,159	1,080,541
Purchasing Department	556,900	681,100	551,093	130,007
Office of Strategic Planning	475,700	475,700	450,909	24,791
Department of Technology	6,567,800	6,567,800	5,605,906	961,894
Human Resources Department	4,166,700	4,166,700	3,841,236	325,464
Human Relations Commission	1,041,300	1,041,300	907,567	133,733
Police Department	118,864,200	119,197,698	113,464,846	5,732,852
Public Protection Cabinet	129,500	129,500	122,706	6,794
Fire Department	49,583,200	49,676,886	49,375,337	301,549
County Emergency Medical Services	7,697,900	7,697,900	7,495,475	202,425
Emergency Management	1,215,500	1,233,616	1,158,031	75,585
Corrections Department	35,235,500	35,423,500	34,982,820	440,680
Youth Placement Services	6,473,800	6,483,000	6,344,215	138,785
Crime Commission	572,800	572,800	542,891	29,909
Office of Public Safety	165,700	150,300	150,269	31
Firefighters' Pension Fund	1,546,200	1,546,200	1,493,646	52,554
Policemen's Retirement Fund	1,450,300	1,450,300	1,416,532	33,768
Public Works Department	24,756,700	28,057,655	26,201,430	1,856,225
Facilities Management	14,483,500	14,947,500	14,558,666	388,834
Solid Waste Management and Services	21,969,600	21,969,600	17,940,367	4,029,233
Inspections, Permits and Licenses Department	6,108,500	6,108,500	5,523,212	585,288
Animal Control Services	1,473,800	1,608,800	1,561,764	47,036
Department of Neighborhoods	17,904,700	5,872,800	4,850,222	1,022,578
Parks Department	24,698,400	24,809,400	20,343,968	4,465,432
Office for International and Cultural Affairs	361,500	361,500	340,869	20,631
Louisville Free Public Library	15,996,200	15,996,200	15,229,763	766,437
Louisville Zoological Gardens	11,497,300	11,387,400	10,299,214	1,088,186
Louisville Development Authority	5,264,700	9,827,826	8,499,226	1,328,600
Planning and Development Services	2,764,600	2,807,700	2,747,283	60,417
Housing Department	950,900	837,684	631,595	206,089
Community Development	3,102,000	3,102,000	2,999,939	102,061
Air Pollution Control	445,600	445,600	422,337	23,263
Waterfront Development Corporation	1,659,600	1,913,471	1,772,145	141,326
Louisville Redevelopment Authority	1,494,400	1,494,400	562,720	931,680
Health Department	37,699,600	24,692,700	23,688,419	1,004,281
Human Services	12,610,200	12,630,200	12,046,040	584,160
Debt service expenditures:		29,164,183	539,070	28,625,113
Total expenditures	<u>476,161,800</u>	<u>494,320,586</u>	<u>432,903,037</u>	<u>61,417,549</u>
Excess (deficiency) of revenues over expenditures	-	3,656,941	43,221,510	39,564,569
OTHER FINANCING SOURCES (USES)				
Transfers in			689,713	
Transfers out			(35,594,116)	
Total other financing sources and uses			<u>(34,904,403)</u>	
Net change in fund balances			8,317,107	
Fund balances--beginning			78,730,291	
Fund balances--ending			<u>\$ 87,047,398</u>	

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2004

	Original Budget (1)	Final Budget (1)	Actual Amounts - GAAP Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 107,266,000	\$ 160,327,019	\$ 74,820,896	\$ (85,506,123)
Charges for services	12,658,900	18,997,037	11,280,455	(7,716,582)
Investment income (loss)	274,100	580,898	330,201	(250,697)
Donations	367,400	431,409	138,159	(293,250)
Miscellaneous	1,000	1,000	8,088	7,088
Total revenues	<u>120,567,400</u>	<u>180,337,363</u>	<u>86,577,799</u>	<u>(93,759,564)</u>
EXPENDITURES				
Current operating:				
General Government	1,041,700	1,116,700	774,324	342,376
Human Relations Commission	85,000	150,000	118,955	31,045
Police Department	4,746,900	4,073,135	3,025,645	1,047,490
Fire Department		30,000	6,330	23,670
County Emergency Medical Services		60,000	4,400	55,600
Emergency Management	66,500	303,886	165,838	138,048
Corrections Department	965,400	482,000	464,330	17,670
Youth Detention Services	119,000	68,800	65,349	3,451
Crime Commission	46,300	8,556,935	59,581	8,497,354
Public Works Department	4,039,400	4,117,400	3,581,437	535,963
Facilities Management	1,555,400	1,555,400	1,235,504	319,896
Solid Waste Management and Services	1,455,100	1,455,100	992,848	462,252
Inspections, Permits and Licenses Department	21,926,800	22,163,630	1,821,821	20,341,809
Department of Neighborhoods	225,000	257,632	85,988	171,644
Parks Department	228,200	253,200	145,319	107,881
Louisville Free Public Library	1,340,200	1,340,200	925,794	414,406
Louisville Zoological Gardens		44,228	40,786	3,442
Louisville Development Authority	1,593,600	2,298,295	1,126,310	1,171,985
Planning and Development Services	1,033,200	1,033,200	235,166	798,034
Housing Department	14,004,900	18,849,029	8,344,264	10,504,765
Air Pollution Control	4,433,400	4,710,200	3,692,095	1,018,105
Louisville Redevelopment Authority	9,187,600	9,187,600	1,960,371	7,227,229
Community Action Agency	4,991,400	5,787,856	4,917,148	870,708
Workforce Investment Board	11,214,800	12,479,900	8,469,476	4,010,424
Health Department	10,751,800	10,355,400	8,974,094	1,381,306
Human Services	2,728,600	3,460,304	3,337,284	123,020
Capital outlay	22,787,200	66,147,333	27,576,389	38,570,944
Total expenditures	<u>120,567,400</u>	<u>180,337,363</u>	<u>82,146,846</u>	<u>98,190,517</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4,430,953</u>	<u>4,430,953</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			(1,171,961)	
Total other financing sources and uses			<u>(1,171,961)</u>	
Net change in fund balances			3,258,992	
Fund balances--beginning			27,647,732	
Fund balances--ending			<u>\$ 30,906,724</u>	

(1) Budgetary amounts presented reflect life-to-date (multi-year) budgets.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**

June 30, 2004

Information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated.

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll (b-a)/(c)
<u>Firefighters' Pension Fund:</u>						
1/1/2002	\$ 23,419,155	\$ 27,290,103	\$ 3,870,948	85.8%	-	-
1/1/2003	16,862,780	26,081,663	9,218,883	64.7%	-	-
1/1/2004	15,299,159	24,691,614	9,392,455	62.0%	-	-
<u>Policemen's Retirement Fund:</u>						
1/1/2002	\$ 18,856,604	\$ 21,820,606	\$ 2,964,002	86.4%	\$ 32,094	9235.4%
1/1/2003	13,587,632	20,667,741	7,080,109	65.7%	46,883	15101.7%
1/1/2004	13,232,420	19,158,719	5,926,299	69.1%	41,643	14231.2%

SCHEDULES OF EMPLOYER CONTRIBUTIONS

	<u>Firefighters' Pension Fund</u>		<u>Policemen's Retirement Fund</u>	
Year Ended June 30	Annual Contribution	Percentage Contributed	Annual Contribution	Percentage Contributed
1998	\$ 121,000	100.0%	\$ 328,534	100.0%
1999	133,100	100.0%	339,484	100.0%
2000	138,809	100.0%	205,615	100.0%
2001	154,300	100.0%	217,414	100.0%
2002	157,300	100.0%	248,362	100.0%
2003	152,300	100.0%	364,300	100.0%
2004	914,804	100.0%	972,500	100.0%

Contributions have been made in accordance with Metro Government budget requirements even though there were no actuarially determined required contributions for either fund for fiscal year 2004. There were no net pension obligations for either fund.

Continued

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**

June 30, 2004

Additional information as of the latest actuarial valuation is presented in the following table:

	<u>Firefighters' Pension Fund</u>	<u>Policemen's Retirement Fund</u>
Valuation date	January 1, 2004	January 1, 2004
Actuarial cost method	Entry age	Entry age
Amortization method	Level percent, closed	Level percent, closed
Remaining amortization period	15 years	15 years
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return	8.5%	8.5%
Projected salary increases	N/A	7.5%
Projected inflation rate	4.5%	4.5%

**OTHER SUPPLEMENTARY INFORMATION-
COMBINING FINANCIAL STATEMENTS**

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2004

	Debt Service Funds			
	General Obligation	Public Properties Corporation	Capital Projects Corporation	Special Purpose Fund
ASSETS				
Cash and cash equivalents	\$ 2,364		\$ 152	\$ 1,916,452
Investments				16,556,127
Accounts receivable				
Due from other funds	640,761			
Land held for development				
Restricted assets:				
Cash and cash equivalents		\$ 92,171		
Investments		796,257		
Total assets	<u>\$ 643,125</u>	<u>\$ 888,428</u>	<u>\$ 152</u>	<u>\$ 18,472,579</u>
LIABILITIES				
Accounts payable				\$ 52,251
Due to other funds				
Matured bonds payable	\$,640,761			
Deferred revenue				
Other liabilities				
Total liabilities	<u>640,761</u>	<u>-</u>	<u>-</u>	<u>52,251</u>
FUND BALANCES				
Reserved for:				
Encumbrances				2,110,682
Debt service	2,364	\$ 888,428	\$ 152	
Reserve related to land held for development				
Unreserved				16,309,646
Total fund balances	<u>2,364</u>	<u>888,428</u>	<u>152</u>	<u>18,420,328</u>
Total liabilities and fund balances	<u>\$ 643,125</u>	<u>\$ 888,428</u>	<u>\$ 152</u>	<u>\$ 18,472,579</u>

Capital Projects Funds

Bond Fund	Public Properties Corporation	Revenue Finance Corporation	Economic Development Corporation	Community Economic Development Corporation	Total Nonmajor Governmental Funds
\$ 6,511	\$ 1,025,315	\$ 17,493	\$ 477,229	\$ 1,300,378	\$ 4,745,894
56,251	8,857,639	151,125			25,621,142
22,584			25,765	219	48,568
					640,761
			444,304	10,781	455,085
					92,171
					796,257
<u>\$ 85,346</u>	<u>\$ 9,882,954</u>	<u>\$ 168,618</u>	<u>\$ 947,298</u>	<u>\$ 1,311,378</u>	<u>\$ 32,399,878</u>
\$ 4,404			\$ 7,581	\$ 94	\$ 64,330
			11,028		11,028
					640,761
			43,753		43,753
			47,891		47,891
<u>4,404</u>	<u>-</u>	<u>-</u>	<u>110,253</u>	<u>94</u>	<u>807,763</u>
					2,110,682
					890,944
			396,413	10,781	407,194
80,942	\$ 9,882,954	\$ 168,618	440,632	1,300,503	28,183,295
80,942	9,882,954	168,618	837,045	1,311,284	31,592,115
<u>\$ 85,346</u>	<u>\$ 9,882,954</u>	<u>\$ 168,618</u>	<u>\$ 947,298</u>	<u>\$ 1,311,378</u>	<u>\$ 32,399,878</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2004

	Debt Service Funds			
	General Obligation	Public Properties Corporation	Community Economic Development Corporation	Capital Projects Corporation
REVENUES				
Intergovernmental				\$ 4,396,000
Charges for services				
Investment income (loss)	\$ 411	\$ (3,571)		680
Total revenues	411	(3,571)	-	4,396,680
EXPENDITURES				
Current:				
Miscellaneous				
Debt service:				
Principal	13,400,195	1,939,500	\$ 37,500	3,800,000
Interest and other charges	10,181,603	2,013,794	4,724	3,332,963
Capital outlay				
Total expenditures	23,581,798	3,953,294	42,224	7,132,963
Excess (deficiency) of revenues over (under) expenditures	(23,581,387)	(3,956,865)	(42,224)	(2,736,283)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets				
Insurance recovery				
Transfers in	23,436,469	3,710,851	42,224	2,736,140
Transfers out				
Total other financing sources and uses	23,436,469	3,710,851	42,224	2,736,140
Net change in fund balances	(144,918)	(246,014)	-	(143)
Fund balances--beginning and restated	147,282	1,134,442		295
Fund balances--ending	\$ 2,364	\$ 888,428	\$ -	\$ 152

Capital Projects Funds

Special Purpose Fund	Bond Fund	Public Properties Corporation	Revenue Finance Corporation	Economic Development Corporation	Community Economic Development Corporation	Total Nonmajor Governmental Funds
\$ 2,446,810						\$ 6,842,810
37,450						37,450
(251,507)	\$ (864)	\$ 354,780	\$ (2,596)	\$ 3,596	\$ 2,093	103,022
2,232,753	(864)	354,780	(2,596)	3,596	2,093	6,983,282
				35,018	1,310	36,328
						19,177,195
						15,533,084
1,744,476						1,744,476
1,744,476	-	-	-	35,018	1,310	36,491,083
488,277	(864)	354,780	(2,596)	(31,422)	783	(29,507,801)
349,995						349,995
15,294						15,294
7,247,754						37,173,438
(4,911,600)						(4,911,600)
2,701,443	-	-	-	-	-	32,627,127
3,189,720	(864)	354,780	(2,596)	(31,422)	783	3,119,326
15,230,608	81,806	9,528,174	171,214	868,467	1,310,501	28,472,789
\$ 18,420,328	\$ 80,942	\$ 9,882,954	\$ 168,618	\$ 837,045	\$ 1,311,284	\$ 31,592,115

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2004

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,947,539	\$ 24,923,205	\$ 26,870,744
Investments	16,824,694	14,600,153	31,424,847
Receivables, net	476,000		476,000
Deposits with paying agents	45,000		45,000
Total current assets	<u>19,293,233</u>	<u>39,523,358</u>	<u>58,816,591</u>
Capital assets:			
Buildings and equipment, net		1,089,405	1,089,405
Total capital assets	<u>-</u>	<u>1,089,405</u>	<u>1,089,405</u>
Total assets	<u>\$ 19,293,233</u>	<u>\$ 40,612,763</u>	<u>\$ 59,905,996</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 218,840	\$ 932,948	\$ 1,151,788
Due to other funds		32,905,690	32,905,690
Deferred revenue		5,584,720	5,584,720
Total current liabilities	<u>218,840</u>	<u>39,423,358</u>	<u>39,642,198</u>
Noncurrent liabilities:			
Compensated absences		191,131	191,131
Claims and judgments	17,655,545		17,655,545
Total noncurrent liabilities	<u>17,655,545</u>	<u>191,131</u>	<u>17,846,676</u>
Total liabilities	<u>17,874,385</u>	<u>39,614,489</u>	<u>57,488,874</u>
NET ASSETS			
Invested in capital assets, net of related debt		898,274	898,274
Restricted	1,418,848	100,000	1,518,848
Total net assets	<u>\$ 1,418,848</u>	<u>\$ 998,274</u>	<u>\$ 2,417,122</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2004

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
OPERATING REVENUES:			
Fee income and subsidy		\$ 4,601,021	\$ 4,601,021
Insurance income	\$ 9,664,437		9,664,437
Insurance premiums	18,778,053		18,778,053
Total operating revenues	28,442,490	4,601,021	33,043,511
OPERATING EXPENSES:			
Professional services	235,200	3,160,213	3,395,413
Contractual services	12,107	642,436	654,543
Repairs and maintenance		29,137	29,137
Other supplies and expenses	15,013	644,813	659,826
Insurance claims settlements and losses	8,447,327	32,965	8,480,292
Insurance premiums	17,922,162		17,922,162
Depreciation		654,715	654,715
Total operating expenses	26,631,809	5,164,279	31,796,088
Operating income (loss)	1,810,681	(563,258)	1,247,423
NONOPERATING REVENUES (EXPENSES):			
Investment income	(75,061)		(75,061)
Miscellaneous expense		(4,285)	(4,285)
Total nonoperating revenues (expenses)	(75,061)	(4,285)	(79,346)
Change in net assets	1,735,620	(567,543)	1,168,077
Total net assets--beginning	(316,772)	1,565,817	1,249,045
Total net assets--ending	\$ 1,418,848	\$ 998,274	\$ 2,417,122

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2004

	Insurance and Risk Management Fund	Louisville/Jefferson Co. Metro Revenue Commission	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Fee income and subsidy		\$ (3,543,831)	\$ (3,543,831)
Insurance income	\$ 28,012,253		28,012,253
Payments to employees	(235,200)	(2,958,386)	(3,193,586)
Payments to suppliers		(1,349,351)	(1,349,351)
Contractual services	62,471		62,471
Claims paid	(6,889,260)		(6,889,260)
Insurance premiums paid	(17,912,934)		(17,912,934)
Other receipts (payments)	(15,013)		(15,013)
Net cash provided (used) by operating activities	<u>3,022,317</u>	<u>(7,851,568)</u>	<u>(4,829,251)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets		(80,761)	(80,761)
Net cash used in capital and related financing activities	<u>-</u>	<u>(80,761)</u>	<u>(80,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Change in investment pool participation	(1,528,189)		(1,528,189)
Sale of investments		32,099,745	32,099,745
Investment income	(75,061)		(75,061)
Net cash provided by (used in) investing activities	<u>(1,603,250)</u>	<u>32,099,745</u>	<u>30,496,495</u>
Net increase (decrease) in cash and cash equivalents	1,419,067	24,167,416	25,586,483
Balances--beginning of the year	528,472	755,789	1,284,261
Balances--end of the year	<u>\$ 1,947,539</u>	<u>\$ 24,923,205</u>	<u>\$ 26,870,744</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 1,810,681	\$ (563,258)	\$ 1,247,423
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense		654,715	654,715
Increase (decrease) in cash due to changes in assets and liabilities:			
Accounts receivable	(430,237)		(430,237)
Due from component units		712,679	712,679
Accounts and other payables	1,641,873	592,490	2,234,363
Due to other funds and governmental agencies		(2,736,410)	(2,736,410)
Deferred revenue		(6,511,784)	(6,511,784)
Net cash provided (used) by operating activities	<u>\$ 3,022,317</u>	<u>\$ (7,851,568)</u>	<u>\$ (4,829,251)</u>
NON CASH INVESTING ACTIVITIES:			
Change in fair value of investments	<u>\$ (247,701)</u>		<u>\$ (247,701)</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

June 30, 2004

	Mass Transit	Escrow and Deposit	Revenue Commission	Total
ASSETS				
Cash and cash equivalents	\$ 6,671,128	\$ 5,403,790		\$ 12,074,918
Investments	100,181	8,606,406		8,706,587
Accounts receivable and accrued interest	1,030,570	215,850		1,246,420
Due from other funds	2,594,723		\$ 32,905,690	35,500,413
Total assets	<u>\$ 10,396,602</u>	<u>\$ 14,226,046</u>	<u>\$ 32,905,690</u>	<u>\$ 57,528,338</u>
LIABILITIES				
Due to other governmental agencies	\$ 10,396,602	\$ 9,733,575	\$ 8,603,188	\$ 28,733,365
Due to other funds			24,302,502	24,302,502
Refundable deposits		4,492,471		4,492,471
Total liabilities	<u>\$ 10,396,602</u>	<u>\$ 14,226,046</u>	<u>\$ 32,905,690</u>	<u>\$ 57,528,338</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2004

Mass Transit				
	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
ASSETS				
Cash and cash equivalents	\$ 5,960,108	\$ 34,199,839	\$ 33,488,819	\$ 6,671,128
Investments	1,126,473	181	1,026,473	100,181
Accounts receivable	1,029,820	750		1,030,570
Due from other funds	2,801,583	32,941,914	33,148,774	2,594,723
Total Assets	\$ 10,917,984	\$ 67,142,684	\$ 67,664,066	\$ 10,396,602

LIABILITIES				
Due to other governmental agencies	\$ 10,917,984	\$ 32,966,687	\$ 33,488,069	\$ 10,396,602
Total Liabilities	\$ 10,917,984	\$ 32,966,687	\$ 33,488,069	\$ 10,396,602

Escrow and Deposit				
	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
ASSETS				
Cash and cash equivalents	\$ 4,567,138	\$ 3,461,009	\$ 2,624,357	\$ 5,403,790
Investments	9,493,748	1,677	889,019	8,606,406
Accounts receivable	215,459	215,851	215,460	215,850
Total Assets	\$ 14,276,345	\$ 3,678,536	\$ 3,728,835	\$ 14,226,046

LIABILITIES				
Due to other governmental agencies	\$ 9,712,706	\$ 1,061,068	\$ 1,466,519	\$ 9,307,255
Refundable deposits	4,563,639	1,523,384	1,168,232	4,918,791
Total Liabilities	\$ 14,276,345	\$ 2,584,452	\$ 2,634,751	\$ 14,226,046

Revenue Commission				
	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
ASSETS				
Cash and cash equivalents	\$ 21,600	\$ 4,054,698	\$ 4,076,298	
Due from other funds	35,108,343	430,833,574	433,036,227	\$ 32,905,690
Total Assets	\$ 35,129,943	\$ 434,888,272	\$ 437,112,525	\$ 32,905,690

LIABILITIES				
Due to other governmental agencies	\$ 9,154,005	\$ 107,960,571	\$ 108,511,388	\$ 8,603,188
Due to other funds	25,975,938	326,927,701	328,601,137	24,302,502
Total Liabilities	\$ 35,129,943	\$ 434,888,272	\$ 437,112,525	\$ 32,905,690

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LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Before Merger, Fiscal Years 1995-2002

<u>CITY OF LOUISVILLE</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>
General Government	\$ 3,049,799	\$ 3,006,490	\$ 3,269,395	\$ 3,601,257
Internal Audit	466,244	494,800	553,732	585,649
Law Department	2,050,984	2,524,637	2,522,296	2,644,626
Finance and Budget Department	4,599,493	5,470,255	9,822,289	5,818,477
Department of Technology (2)	3,493,929	3,517,117	3,593,414	3,830,337
Telecommunications Office (3)				
Office of Strategic Planning (4)				
Department of Human Resources (5)	1,646,769	1,876,131	2,006,485	1,987,758
Office of Public Safety (6)	74,080,755	78,513,062	82,409,571	86,812,688
Public Works Department	19,840,737	21,067,794	28,755,818	27,517,179
Solid Waste Management and Services	14,564,026	15,390,231	15,462,143	14,718,651
Inspections, Permits and Licenses Department	3,839,846	3,851,178	4,148,164	4,165,840
Department of Neighborhoods (7)	5,775,509	6,322,206	4,091,639	4,783,929
External agencies	3,301,385	3,631,438	3,215,628	3,396,071
Office of Youth Development (4)				
Office for International and Cultural Affairs (4)				
Housing Department	15,766,575	21,279,887	22,062,433	19,835,738
Louisville Development Authority	2,693,544	4,606,418	4,566,148	4,368,332
Louisville Free Public Library	10,531,596	11,147,995	11,987,601	12,369,255
Parks Department	13,219,456	14,953,059	18,750,983	19,697,487
Otter Creek Park (8)	1,421,212	1,185,445		
Louisville Zoological Gardens	4,574,810	5,281,644	6,245,757	6,796,667
Louisville Redevelopment Authority (9)		701,618	6,531,146	6,799,618
Office for Business Services (10)	4,297,666	4,682,116	5,084,431	5,902,565
Community Action Agency	3,418,404	2,861,860	2,844,820	2,519,951
Firefighters' Pension Fund	115,020	104,120	113,950	134,340
Policemen's Retirement Fund	119,820	248,880	330,672	368,648
Kentuckiana Works (11)	4,431,880	5,440,717	5,776,172	5,788,766
Waterfront Development Corporation	545,343	430,456	1,027,801	2,944,846
Human Relations Commission	560,295	583,368	663,997	906,987
Debt service	7,333,390	6,930,799	6,771,464	19,863,059
Total	\$ 205,738,487	\$ 226,103,721	\$ 252,607,949	\$ 268,158,721

JEFFERSON COUNTY FISCAL COURT

General Government	\$ 16,108,348	\$ 17,021,954	\$ 18,201,446	\$ 14,981,909
Public Safety	57,662,469	59,007,906	69,809,462	76,815,680
Health	25,064,022	26,502,000	28,937,917	30,656,242
Public Works	22,413,363	23,729,547	24,088,314	25,319,433
Joint & External	14,383,822	15,781,302	16,287,635	13,668,060
Other	10,495,796	9,517,418	10,735,902	13,430,261
Debt Service	2,816,583	6,583,157	11,354,580	17,384,687
	\$ 148,944,403	\$ 158,143,284	\$ 179,415,256	\$ 192,256,272

(1) Includes General and Special Revenue Funds, Debt Service Funds to 2001, and Proprietary Funds 2002 and after for debt service.

(2) Office of Information Services administered by Finance and Budget until June 1993, name changed to Department of Technology in July 1999.

(3) Telecommunications Office created in July 1998, administered by Department of Technology beginning July 1999.

(4) Agencies created in July 1999.

(5) Name changed from Employee Relations in November 1999.

(6) Name changed from Public Health and Safety in July 1999.

(7) Name changed from Community Services in July 1999.

(8) Otter Creek Park administered by Parks Department beginning July 1996.

(9) Louisville Redevelopment Authority created in July 1995.

(10) Name changed from Office for Economic Development in July 1999.

(11) Named Job Training Partnership Agency until July 1999, then Workforce Investment Board until November 2000.

<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$ 3,809,351	\$ 3,839,237	\$ 4,631,772	\$ 4,931,141
597,414	556,062	559,568	577,485
2,704,178	2,859,981	3,083,155	3,140,125
7,257,930	5,677,332	13,993,084	13,268,998
3,732,742	4,580,111	3,783,856	3,898,512
94,691			
	177,869	70,952	191,245
1,862,555	1,980,939	2,104,624	2,226,907
90,316,675	97,379,575	102,123,658	107,864,633
26,006,247	29,531,352	25,473,768	27,585,030
15,666,199	16,326,445	17,099,535	17,444,649
4,090,276	17,600,140	19,529,747	19,806,534
5,214,500	4,949,389	6,149,720	6,574,026
5,326,020	8,949,580	12,517,464	10,702,776
	1,423,200	1,355,457	1,473,935
	273,863	368,931	391,970
20,532,561	8,067,272	12,846,012	9,836,973
5,976,202	6,950,470	10,274,734	7,190,602
12,671,838	14,127,154	14,478,532	15,830,289
20,623,009	20,027,621	22,022,096	22,426,097
7,157,545	7,794,390	7,924,211	10,416,251
9,396,761	9,785,172	7,156,584	7,521,910
7,134,819	3,532,011	5,669,700	3,793,590
2,668,587	3,318,327	3,999,501	3,639,308
172,650	176,290	399,007	402,819
339,484	205,615	406,248	435,391
8,502,195	6,577,373	11,788,804	14,713,045
1,495,211	1,763,450	1,752,980	3,501,993
889,706	926,763	966,293	912,389
64,842,837	8,682,430	5,728,146	2,020,328
<u>\$ 329,082,183</u>	<u>\$ 288,039,413</u>	<u>\$ 318,258,139</u>	<u>\$ 322,718,951</u>
\$ 15,744,594	\$ 16,624,912	\$ 18,085,502	\$ 19,245,400
80,884,330	83,184,194	87,088,719	89,471,057
33,636,012	37,661,848	38,275,123	38,620,529
27,018,217	23,641,276	26,144,789	25,753,285
14,116,732	14,185,319	15,385,464	17,140,611
22,111,657	11,761,207	8,601,560	13,341,213
29,741,313	18,031,154	24,938,116	26,108,706
<u>\$ 223,252,855</u>	<u>\$ 205,089,910</u>	<u>\$ 218,519,273</u>	<u>\$ 229,680,801</u>

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
After Merger, Fiscal Years 2003-2004**

	<u>2003</u>	<u>2004</u>
General Government:		
Metro Council	\$ 4,446,718	\$ 4,888,456
Mayor's Office	3,579,829	3,064,445
County Attorney	7,412,962	6,611,944
Other Elected Officials	6,932,008	6,636,712
Internal Audit	591,705	580,394
Finance Department	18,021,085	8,816,523
External Agencies	15,492,849	4,417,159
Purchasing Department	553,489	551,093
Office of Strategic Planning	-	450,909
Information Technology	6,082,646	5,605,906
Human Resources Department	3,882,710	3,841,236
Human Relations Commission	895,795	1,026,522
Police Department	117,349,274	116,490,491
Public Protection Cabinet	58,529	122,706
Fire Department	45,563,191	49,381,667
County Emergency Medical Services	7,728,142	7,499,875
Emergency Management	1,544,502	1,323,869
Corrections Department	39,592,089	35,447,150
Youth Placement Services		6,409,564
Crime Commission	475,965	602,472
Office of Public Safety	185,464	150,269
Firefighters' Pension Fund	729,228	1,493,646
Policemen's Retirement Fund	515,085	1,416,532
Public Works Department	48,689,479	29,782,867
Facilities Management		15,794,170
Solid Waste Management Services	19,786,921	18,933,215
Inspections, Permits and Licenses	28,911,602	7,345,033
Animal Control Services	1,467,087	1,561,764
Department of Neighborhoods	3,470,642	4,936,210
Parks Department	21,534,348	20,489,287
International and Cultural Affairs	401,297	340,869
Louisville Free Public Library	15,136,690	16,155,557
Louisville Zoological Gardens	10,199,331	10,340,000
Metro Development Authority	6,435,126	9,625,536
Office for Business Services	3,547,154	
Planning and Development Services		2,982,449
Housing Department	10,463,530	8,975,859
Community Development		2,999,939
Air Pollution Control	4,601,638	4,114,432
Waterfront Development Corporation	8,264,879	1,772,145
Redevelopment Authority	5,959,506	2,523,091
Health Department	20,747,662	32,662,513
Human Services	17,986,236	15,383,324
Office of Youth Development	1,657,705	
Workforce Investment Board	12,098,123	8,469,476
Community Action Agency	4,668,437	4,917,148
Debt service principal	19,081,735	19,177,195
Debt service interest and other charges	13,418,536	16,072,154
Capital outlay		27,576,389
	<u>\$ 560,160,929</u>	<u>\$ 549,760,162</u>

(1) Includes General, Special Revenue, and Debt Service Funds.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

Last Ten Fiscal Years

Fiscal Year	Taxes (2)	Licenses and Permits (2)	Inter-governmental	Charges for Services	Fines and Forfeitures	Investment Income	Donations and Miscellaneous Revenue	Total Revenues (3)
<u>CITY OF LOUISVILLE</u>								
1995	\$ 149,828,039	\$ 2,932,749	\$ 50,745,833	\$ 11,722,610	\$ 1,971,521	\$ 2,664,010	\$ 12,239,502	\$ 232,104,264
1996	156,528,372	3,156,770	62,348,857	11,421,153	1,443,758	3,575,156	10,627,259	249,101,325
1997	165,975,239	3,234,576	73,202,890	12,937,332	1,571,731	4,502,189	18,800,365	280,224,322
1998	171,546,628	3,523,866	64,456,961	12,144,401	1,504,802	5,068,122	18,627,864	276,872,644
1999	177,938,209	4,851,823	100,655,977	13,503,162	1,474,871	4,824,882	18,184,290	321,433,214
2000	185,228,241	4,579,320	73,484,531	13,544,570	1,503,794	5,775,832	26,275,433	310,391,721
2001	193,104,313	4,184,641	102,782,341	14,019,751	1,500,863	5,805,741	24,334,117	345,731,767
2002	197,696,495	4,538,807	101,217,079	36,623,819	871,925	6,254,485	14,253,512	361,456,122
<u>JEFFERSON COUNTY FISCAL COURT</u>								
1995	\$ 41,815,515	\$ 74,847,345	\$ 29,628,042	\$ 16,599,230		\$ 1,686,244	\$ 2,225,652	\$ 166,802,028
1996	44,398,024	80,114,861	30,189,386	18,004,306		2,245,254	2,397,014	177,348,845
1997	47,902,779	87,100,043	32,956,101	19,131,362		2,306,857	1,889,873	191,287,015
1998	50,838,200	91,689,380	29,954,670	20,501,566		3,621,943	2,716,206	199,321,965
1999	52,211,162	97,495,357	34,516,120	22,795,284		2,723,755	4,402,152	214,143,830
2000	54,199,896	101,146,947	34,071,960	24,922,560		2,530,960	6,221,255	223,093,578
2001	54,358,301	103,930,110	31,774,038	27,435,313		2,345,784	5,844,223	225,687,769
2002	59,329,125	102,846,322	47,199,455	24,422,782		1,060,539	3,442,388	238,300,611
<u>LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT</u>								
2003	\$ 346,479,687	\$ 23,741,060	\$ 125,886,137	\$ 56,029,421	\$ 914,218	\$ 2,099,625	\$ 4,349,907	\$ 559,500,055
2004	373,962,219	10,544,820	128,437,170	33,532,382	1,016,230	90,583	6,824,682	554,408,086

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Prior to 2003, Occupational taxes were classified as taxes by the City of Louisville and as licenses by Jefferson County Fiscal Court.

(3) In 2003 revenues also included major and non-major Capital Projects Fund.
2003 has been restated in the statistical section to reflect the correct amounts.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

GENERAL FUND TAX REVENUES BY SOURCE

Fiscal Year	<u>Last Ten Fiscal Years</u>							Interest, Penalties and Other Fees
	Total Taxes	General Property Taxes	Bank and Life Insurance Shares	Public Service Corporations	Occupational Taxes (1)	Other		
<u>CITY OF LOUISVILLE</u>								
1995	\$ 149,828,039	\$ 34,818,554	\$ 1,722,714	\$ 3,495,305	\$ 108,560,257	\$ 749,157	\$ 482,052	
1996	156,528,372	34,973,746	1,445,280	4,390,708	114,297,186	913,797	507,655	
1997	165,975,239	36,905,783	1,895,498	4,797,163	120,487,277	1,225,643	663,875	
1998	171,546,628	38,582,913	1,700,426	7,596,388	121,970,729	1,082,033	614,139	
1999	177,938,209	38,617,607	1,621,733	4,140,528	132,139,269	825,266	593,806	
2000	185,228,241	40,392,393	1,734,265	3,867,647	137,736,926	878,365	618,645	
2001	193,104,313	42,634,340	1,753,908	3,427,432	143,517,870	1,062,020	708,743	
2002	197,696,495	43,479,184	1,648,598	5,177,097	145,427,943	1,187,618	776,055	
<u>JEFFERSON COUNTY FISCAL COURT</u>								
1995	\$ 41,815,515	\$ 34,538,691	\$ 2,371,730	\$ 1,920,803		\$ 1,992,860	\$ 991,431	
1996	44,398,024	36,415,223	2,145,424	2,481,742		2,368,211	987,424	
1997	47,902,779	39,054,807	2,732,048	2,680,412		2,380,501	1,055,011	
1998	50,838,200	40,681,540	2,535,708	3,688,808		2,681,204	1,250,940	
1999	52,211,162	41,520,979	2,690,257	3,166,999		3,185,240	1,647,687	
2000	54,199,896	43,655,901	2,718,821	2,443,663		3,081,323	2,300,188	
2001	54,358,301	45,290,533	2,661,015	2,255,129		2,809,534	1,342,090	
2002	59,329,125	49,152,467	2,748,105	2,972,797		3,088,308	1,367,448	
<u>LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT</u>								
2003	\$ 346,149,531	\$ 92,608,431	\$ 4,350,721	\$ 6,763,891	\$ 235,901,121	\$ 5,944,104	\$ 581,263	
2004	373,962,219	93,016,802	4,803,193	7,402,223	260,797,870	7,411,472	530,660	

(1) Prior to 2003, Occupational taxes were classified as taxes by the City of Louisville and as licenses by Jefferson County Fiscal Court.

(2) Since 2003, tax revenues designated as Other include Deed Taxes, Delinquent Taxes and other miscellaneous property taxes.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Amount of Levy</u>	<u>Amount Collected in Year of Levy</u>	<u>Percent Collected in Year of Levy</u>	<u>Adjusted Levy at June 30, 2004</u>	<u>Amount Collected as of June 30, 2004</u>	<u>Percent of Adjusted Levy Collected as of June 30, 2004</u>	<u>Total Outstanding Delinquent Taxes Receivable at June 30, 2004</u>
<u>CITY OF LOUISVILLE</u>							
1995	\$ 36,300,438	\$ 35,058,290	96.6%	\$ 37,026,371	\$ 36,991,318	99.9%	\$ 35,053
1996	35,573,379	33,861,521	95.2%	37,580,752	37,500,652	99.8%	80,100
1997	37,520,047	35,767,558	95.3%	39,093,414	38,979,438	99.7%	113,976
1998	38,683,449	36,915,075	95.4%	41,579,237	41,382,489	99.5%	196,748
1999	41,691,486	39,615,186	95.0%	41,393,848	41,072,816	99.2%	321,032
2000	43,388,371	40,745,536	93.9%	42,539,112	42,045,199	98.8%	493,913
2001	44,850,574	42,132,174	93.9%	44,708,142	43,971,963	98.4%	736,179
2002	47,392,733	44,771,361	94.5%	46,260,639	44,771,361	96.8%	1,489,278
<u>JEFFERSON COUNTY FISCAL COURT</u>							
1995	\$ 41,590,000	\$ 40,446,000	97.2%	\$ 41,590,000	\$ 40,446,000	97.2%	\$ 600,000
1996	43,329,000	42,049,000	97.0%	43,329,000	42,049,000	97.0%	748,000
1997	46,470,000	45,327,000	97.5%	46,470,000	45,327,000	97.5%	701,000
1998	48,276,000	47,036,000	97.4%	48,276,000	47,036,000	97.4%	782,000
1999	50,326,000	49,625,000	98.6%	50,326,000	49,625,000	98.6%	771,000
2000	52,698,000	51,537,000	97.8%	52,698,000	51,537,000	97.8%	615,000
2001	54,209,000	52,573,000	97.0%	54,209,000	52,573,000	97.0%	875,000
2002	59,232,000	57,083,000	96.4%	59,232,000	57,083,000	96.4%	998,000

Levies do not include autos. These are levied and collected by the County Clerk's Office as required by KRS Chapter 134 and Louisville City Ordinance #185, Series 1984.

Continued

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (continued)

Fiscal Year	Amount of Levy	Amount Collected in Year of Levy	Percent Collected in Year of Levy	Delinquent Tax Collections (1)	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Total Outstanding Delinquent Taxes Receivable at June 30, 2004
2003	\$ 101,151,309	\$ 97,734,411	96.6%	\$ 2,960,241	\$ 100,694,652	99.5%	\$ 6,389,780
2004	107,833,673	104,493,360	96.9%	4,337,307	108,830,668	100.9%	5,392,784

Levies do not include autos. These are levied and collected by the County Clerk's Office as required by KRS Chapter 134 and Louisville City Ordinance #185, Series 1984.

- 1) Beginning in fiscal year 2003, Metro Government began reflecting delinquent tax information as it relates to total property tax collections in a given year within the statistical section of the financial statements.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property (2)		Total		Ratio of Total Assessed Value to Total Estimated Actual Value	Homestead Exemption (1)
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
<u>CITY OF LOUISVILLE</u>								
1995	\$ 6,614,922,175	\$ 7,110,215,599	\$ 2,218,880,195	\$ 2,218,880,195	\$ 8,833,802,370	\$ 9,329,095,794	94.69 %	\$ 21,800
1996	6,617,810,920	7,142,268,710	2,424,154,559	2,424,154,559	9,041,965,479	9,566,423,269	94.52 %	23,100
1997	7,134,431,883	7,643,158,843	2,505,148,035	2,505,148,035	9,639,579,918	10,148,306,878	94.99 %	23,100
1998	7,625,654,333	8,144,026,143	2,527,674,710	2,527,674,710	10,153,329,043	10,671,700,853	95.14 %	24,400
1999	7,941,343,735	8,457,155,055	2,156,337,113	2,156,337,113	10,097,680,848	10,613,492,168	95.14 %	24,400
2000	8,256,835,261	8,787,687,821	2,479,019,416	2,479,019,416	10,735,854,677	11,266,707,237	95.29 %	25,500
2001	8,847,132,278	9,354,252,216	2,421,555,297	2,421,555,297	11,268,687,575	11,775,807,513	95.69 %	25,500
2002	9,729,895,056	10,276,349,416	2,941,464,514	2,941,464,514	12,671,359,570	13,217,813,930	95.87 %	26,800
<u>JEFFERSON COUNTY FISCAL COURT</u>								
1995	\$ 21,434,370,424	\$ 22,561,065,628	\$ 6,582,128,191	\$ 6,582,128,191	\$ 28,016,498,615	\$ 29,143,193,819	96.13 %	\$ 21,800
1996	22,148,393,479	23,358,696,319	7,139,401,228	7,139,401,228	29,287,794,707	30,498,097,547	96.03 %	23,100
1997	24,190,901,282	25,405,380,639	7,613,198,285	7,613,198,285	31,804,099,567	33,018,578,924	96.32 %	23,100
1998	25,660,667,701	26,940,299,068	7,765,023,517	7,765,023,517	33,425,691,218	34,705,322,585	96.31 %	24,400
1999	27,255,950,247	28,551,945,967	8,045,930,810	8,045,930,810	35,301,881,057	36,597,876,777	96.46 %	24,400
2000	29,043,139,019	30,395,875,319	8,287,149,420	8,287,149,420	37,330,288,439	38,683,024,739	96.50 %	25,500
2001	31,423,908,212	32,770,194,834	8,440,335,579	8,440,335,579	39,864,243,791	41,210,530,413	96.73 %	25,500
2002	34,730,126,504	36,179,100,046	8,843,194,051	8,843,194,051	43,573,320,555	45,022,294,097	96.78 %	26,800
<u>LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT</u>								
2003	\$ 46,274,546,626	\$ 48,330,892,272	\$ 9,032,190,675	\$ 9,032,190,675	\$ 55,306,737,301	\$ 57,363,082,947	96.42 %	\$ 26,800
2004	48,823,781,592	50,939,965,058	8,777,257,634	8,777,257,634	57,601,039,226	59,717,222,692	96.46 %	28,000

(1) Under the provisions of the Homestead Amendment to the Kentucky Constitution, persons 65 years or older are granted exemptions of these amounts on the assessed value of their bona fide residence.

(2) Prior to 2003, Jefferson County Fiscal Court included business inventories subject to property tax in the reported assessment amounts for Personal Property although no tax had been levied on such property. The Personal Property assessment for 2003 has been restated to reflect only assessments for which taxes were levied.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

TAX RATES (PER \$100 OF ASSESSED VALUATION)

Last Ten Fiscal Years

Fiscal Year	City		Jefferson County		Urban Service District (1)		Metro Government (1)		Consolidated School District			Total		
	Real	Personal	Real	Personal	Real	Personal	Real	Personal	Real	Inventory	Personal	Real	Inventory	Personal
1995	0.416	0.566	0.143	0.166					0.556	0.556	0.556	1.115	0.556	1.288
1996	0.416	0.566	0.143	0.166					0.551	0.556	0.556	1.110	0.556	1.288
1997	0.408	0.566	0.141	0.166					0.536	0.557	0.557	1.085	0.557	1.289
1998	0.408	0.566	0.140	0.166					0.541	0.559	0.559	1.089	0.559	1.291
1999	0.405	0.566	0.137	0.166					0.541	0.562	0.562	1.083	0.562	1.294
2000	0.399	0.566	0.134	0.166					0.539	0.564	0.564	1.072	0.564	1.296
2001	0.394	0.566	0.129	0.166					0.532	0.567	0.567	1.055	0.567	1.299
2002	0.376	0.566	0.128	0.166					0.537	0.537	0.537	1.041	0.537	1.269
2003	0.376	0.566	0.128	0.166					0.572	0.572	0.572	1.076	0.572	1.304
2004					0.374	0.566	0.128	0.166	0.576	0.576	0.576	1.078	0.576	1.308

Tax rates obtained from the Jefferson County Clerk's Office.

(1) Beginning in fiscal year 2004, property tax rates were set for the Urban Services District, which includes the prior boundaries of the City of Louisville, and for Metro Government as a whole which encompasses the entire area within Jefferson County.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

PRINCIPAL TAXPAYERS

June 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percent of Total Assessed Valuation of \$57,601,039,226</u>
Louisville Gas & Electric Co.	Energy Utility	\$ 897,618,575	1.6%
BellSouth Telecommunications	Telecommunications	586,620,276	1.0%
AT&T Communications	Telecommunications	396,036,750	0.7%
Insight Midwest LP	Cable Media	310,939,333	0.5%
Humana Inc.	Health Care	225,891,393	0.4%
The Kentucky Trust Co.	Banking/Financial Services	133,425,030	0.2%
200 Block CHC LTD PTN	Commercial Real Estate	130,000,000	0.2%
PNC Bank, Kentucky	Banking/Financial Services	120,544,727	0.2%
Information Systems Corp	Information Services	117,267,657	0.2%
National City Bank, Kentucky	Banking/Financial Services	103,838,182	0.2%
		<u>\$ 3,022,181,923</u>	<u>5.2%</u>

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2004

ASSESSED VALUATION - January 1, 2004	\$ 57,601,039,226	
Debt limit - ten percent of assessed valuation		\$ 5,760,103,923
BONDED DEBT APPLICABLE TO LIMIT -		
Serial bonds outstanding		<u>372,825,790</u>
Legal debt margin		<u>\$ 5,387,278,133</u>

Metro Government is authorized by Section 158 of the Kentucky Constitution to incur indebtedness to a maximum of ten percent of the value of the taxable property located within the boundaries of Jefferson County. Value of taxable property is to be estimated by the assessment next before the assessment previous to incurring of additional indebtedness.

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

**RATIO OF NET BONDED DEBT TO ASSESSED
VALUE AND NET BONDED DEBT PER CAPITA**

Last ten fiscal years

<u>Fiscal Year</u>	<u>Population</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Net Bonded Debt (1)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
<u>CITY OF LOUISVILLE</u>						
1995	264,988	\$ 8,833,802,370	\$ 4,775,000	\$ 4,775,000	0.05%	\$ 18
1996	262,648	9,041,965,479	3,485,000	3,485,000	0.04%	13
1997	260,689	9,639,579,918	2,285,000	2,285,000	0.02%	9
1998	260,689	10,153,329,043	1,030,000	1,030,000	0.01%	4
1999	255,045	10,097,680,848	26,390,000	26,390,000	0.26%	103
2000	253,128	10,735,854,677	25,360,000	25,360,000	0.24%	100
2001	256,231	11,268,687,575	24,295,000	24,295,000	0.22%	95
2002	256,231	12,671,359,570	36,680,000	36,680,000	0.29%	143
<u>JEFFERSON COUNTY FISCAL COURT</u>						
1995	678,891	\$ 29,449,187,365	\$ 179,742,761	\$ 179,742,761	0.61%	\$ 265
1996	681,679	30,613,513,733	211,396,634	211,396,634	0.69%	310
1997	684,478	41,070,728,491	210,543,345	210,543,345	0.51%	308
1998	687,289	43,358,607,535	270,232,371	270,232,371	0.62%	393
1999	690,111	46,632,015,837	268,762,111	268,762,111	0.58%	389
2000	693,604	48,686,537,031	297,955,443	297,955,443	0.61%	430
2001	692,910	51,130,614,851	290,022,750	290,022,750	0.57%	419
2002	695,416	55,141,931,108	280,163,590	280,163,590	0.51%	403
<u>LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT</u>						
2003	695,416	\$ 55,306,737,301	\$ 389,639,029	\$ 386,770,842	0.70%	\$ 556
2004	699,017	57,601,039,226	374,237,029	372,825,790	0.65%	533

(1) Metro Government is authorized by Section 158 of the Kentucky Constitution to incur indebtedness to a maximum of ten percent of the value of the taxable property located within the boundaries of Jefferson County. Value of taxable property is to be estimated by the assessment next before the assessment previous to incurring of additional indebtedness.

(2) Beginning in fiscal year 2003, First Mortgage and Lease Revenue Bonds have been included in the bonded debt amounts for Metro Government. The 2003 amounts have been restated to reflect the change.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR BONDED DEBT
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

Last ten fiscal years
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest (1)</u>	<u>Total Debt Service (3)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
<u>CITY OF LOUISVILLE</u>					
1995	\$ 1,670	\$ 230	\$ 1,900	\$ 205,738	0.9%
1996	1,290	173	1,463	226,104	0.6%
1997	1,200	120	1,320	252,608	0.5%
1998	1,255	67	1,322	268,159	0.5%
1999	290	481	771	329,082	0.2%
2000	1,030	1,065	2,095	288,039	0.7%
2001	1,065	1,110	2,175	318,258	0.7%
2002	1,105	1,315	2,420	322,719	0.7%
<u>JEFFERSON COUNTY FISCAL COURT</u>					
1995	\$ 590	\$ 2,154	\$ 2,744	\$ 148,944	1.8%
1996	4,163	2,421	6,584	158,143	4.2%
1997	7,533	3,822	11,355	179,415	6.3%
1998	10,133	7,251	17,384	192,256	9.0%
1999	16,953	12,789	29,742	223,253	13.3%
2000	6,744	11,287	18,031	205,090	8.8%
2001	10,100	14,838	24,938	218,519	11.4%
2002	14,494	11,615	26,109	229,681	11.4%
<u>LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT</u>					
2003	\$ 19,461	\$ 13,490	\$ 32,951	\$ 560,161	5.9%
2004	19,177	16,072	35,249	549,760	6.4%

(1) Excludes bond issuance and other costs.

(2) Includes General Funds, Special Revenue Funds and Debt Service Funds.

(3) Beginning in fiscal year 2003, First Mortgage and Lease Revenue Bonds have been included in the annual debt service expenditures for Metro Government. The 2003 amounts have been restated to reflect the change.

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECORD OF INSURANCE PROTECTION IN FORCE
AS OF JUNE 30, 2004**

AUTOMOBILE:

Type of contract	Agent	Insurer	Policy number	Policy term	Coverage	Limits	Annual cost
Auto Liability Excess	Metro's Risk Management Division	Louisville Area Governmental Self Insurance Trust	LOU-04-00	07/01/2003 - 07/01/2004	Excess Liability coverage through LAGIT Self Insurance Trust to complement the Metro's Self-Insured Auto Liability Program. Also includes cost for claims adjustment services.	Up to \$7,000,000 per Occurrence, which is subject to a \$300,000 Deductible per Occurrence.	\$1,157,176 (subject to year end audit)
Auto Liability for Louisville Gardens Operating Company	Acordia of Kentucky	Cincinnati Insurance	CAA 544 48 43	07/01/2003- 07/01/2004	Auto liability insurance coverage on one vehicle for Louisville Gardens Operating Company.	\$1,000,000 Limit of Liability per Occurrence, including \$1,000,000 Uninsured and Underinsured Motorists and \$10,000 PIP	\$1,202

WORKER'S COMPENSATION:

Type of contract	Agent	Insurer	Policy number	Policy term	Coverage	Limits	Annual cost
Worker's Compensation Excess Insurance	Underwriters Safety & Claims, Inc.	Midwest Employer's Casualty Company	2800-SO-KY	07/01/2003 - 07/01/2004	Specific Excess insurance to complement Metro's Self-Insurance Program for Workers' Compensation.	Statutory Excess Limits with Limited Jones Act coverage and \$1,000,000 Employer's Liability limit. Self-Insured Retentions: \$500,000 per Occurrence.	\$189,980 (subject to year end audit)
Workers' Compensation Insurance Policy	Underwriter's Safety and Claims	Liberty Mutual Insurance	WC5-33S-312562-014	03/17/2004- 03/17/2005	Workers' Compensation policy covering one employee in Washington DC.	Statutory limits with \$1,000,000 Employer's Liability limit.	\$740
Workers' Compensation Insurance policy for Louisville Gardens Operating Company	Acordia of Kentucky	KESA, the Kentucky Workers' Comp Fund	001000000374 104	01/01/2004- 01/01/2005	Workers' Compensation policy for one employee of Louisville Gardens Operating Company	Statutory limits with \$1,000,000 Employer' Liability limit	\$2,311 (subject to year end audit)

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECORD OF INSURANCE PROTECTION IN FORCE
AS OF JUNE 30, 2004**

PROPERTY:

Type of contract	Agent	Insurer	Policy number	Policy term	Coverage	Limits	Annual cost
Real & Personal Property, Electronic Data Processing and Auto Excess Physical Damage for all properties	Metro's Risk Management Division	Louisville Area Governmental General Insurance Trust (LAGGIT)	P-LOU-01-03	07/01/2003-07/01/2004	All Causes of loss subject to Policy Form Exclusions. Blanket Coverage for Building and Personal Property. Electronic data processing equipment & media, fine arts, auto physical damage, and valuable papers. Includes extension for Flood, Earthquake and Business Income/ Extra Expense coverage for all properties in which Metro government has a financial interest at sublimited amounts, as per Schedule of Locations on file. Valuation is on a Replacement Cost, Agreed Value basis. Blanket Coverage automatically includes newly acquired locations, subject to a \$100,000,000 Sublimit subject to reporting limitations. Coverage also includes Equipment Breakdown (boiler coverage) within policy limits. Includes coverage for Parking Authority of River City (PARC) Properties, Louisville Slugger Field and Louisville Free Public Library.	\$500,000,000 Shared limit for Comprehensive Causes of Loss. \$100,000,000 Shared Annual Aggregate limit for Earthquake. \$100,000,000 Shared Annual Aggregate limit for Flood. Deductible: \$250,000 all causes of loss including Earthquake and Flood except, Flood Zone A locations shall have a deductible of the amount equal to all flood insurance available under the National Flood Insurance Program, whether purchased or not, in addition to the \$250,000 standard deductible. Auto physical damage deductible is \$100,000.	\$1,027,068
Flood Insurance	Patriot Group	National Flood Insurance Program through Travelers Insurance Company	6501046608 6501007154	05/07/2004-05/07/2005 12/05/2003-12/05/2004	Flood coverage on two specific locations in flood zone AE. Coverage is on Actual Cash Value with a stated value per location.	\$500,000 Building (Clubhouse) \$12,000 Contents with \$500 deductible each on 460 Northwestern Parkway Louisville, KY 40212 \$500,000 Building (Parking Authority of River City Riverfront Garage), \$150,000 contents with \$1,000 deductible on each 141 N. 64 th St. Louisville, KY 40202	\$518 \$4,228

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECORD OF INSURANCE PROTECTION IN FORCE
AS OF JUNE 30, 2004**

Additional Insurance policies maintained:

Type of contract	Agent	Insurer	Policy number	Policy term	Coverage	Limits	Annual cost
Community Action Partnership (CAP) Business Auto and Contents Policy	Acordia of Kentucky	Cincinnati Insurance Company	CAP7690889/C AA7690889	08/28/2003- 08/28/2004	Auto Liability (including Hired & Nonowned) Collision Comprehensive Also includes \$25,000 Comprehensive and Collision coverages for Hired & Borrowed vehicles.	\$1,000,000 CSL \$500 Deductible (on two owned vehicles). \$250 Deductible (on two owned vehicles). Deductibles \$250 and \$500 respectively on Hired & Borrowed vehicles physical damage coverage.	\$4,597
Aircraft Liability and Hull coverage	Underwriter's Safety and Claims	Westchester Fire Insurance Company	CAN 770446	11/16/2003- 11/16/2004	"All Risk" Blanket coverage on contents and Electronic Data Processing Equipment with a Replacement Cost Agreed Value basis. (Subject to policy exclusions.) Aircraft Liability coverage including Medical Payments. Hull Coverage on MD520M model 4 seated helicopter.	\$151,000 Blanket Contents limits with \$500 Deductible per Occurrence. \$177,500 Electronic Data Processing Equipment Limit with \$10,000 Media Coverage and \$10,000 Extra Expense. A \$250 deductible applies. \$10,000,000 liability per Occurrence with \$3,000 medical payments each person, \$15,000 each occurrence. Hull deductible \$60,000 in motion, moored and ingestion-\$1,000 not in motion. Aircraft value of \$1,200,000.	\$100,800
Louisville/Jefferson County Workforce Investment Board dba KentuckianaWorks	Underwriter's Safety and Claims	Life Insurance Company of North America	SPS938092	10/01/2003- 10/01/2004	Special Risks Accident coverage including hospital and professional services (including dental) and accidental death and dismemberment.	\$10,000 Hospital and Professional services, \$10,000 maximum Accidental Death and Dismemberment depending upon injury and submit on \$1,000 Dental coverage for Reasonable expenses. No deductible applies.	.20 per participant per month.
Waterfront Development Corporation	VanZandt, Emrich and Cary	Cincinnati Insurance Company	CPP0645726/CP A0645726	12/11/2003- 12/11/2004	Risks of Direct Physical loss subject to policy exclusions for Blanket Buildings and Blanket Personal Property including Ordinance or Law for \$50,000 and \$100,000 Extra Expense; Fine Arts, Contractor's Equipment, and Data Processing. Watercraft liability including medical payments and Hull coverage on Pluckebaum 28' Cruiser. Auto liability and physical damage including hired car physical damage. General liability designated premises only	\$1,058,000 Building and \$260,000 Personal Property with Deductible of \$2,500 for all causes of loss except Earthquake, which has a 5% deductible. \$328,500 Fine Arts with a deductible of \$1,000. \$133,500 Contractors equipment with \$11,000 tools with a deductible of \$1,000 applying. \$30,000 Electronic Data Processing Equipment with \$6,000 media and \$6,000 Loss of income and extra Expense with a deductible of \$1,000. \$1,000,000 Watercraft Liability with \$5,000 medical payments. Hull coverage of \$45,000 with a Deductible on Hull of 2% \$1,000, 000 Liability on any auto. Comprehensive and Collision coverage with deductibles of \$250 and \$500 respectively. \$1,000,000 per Occurrence/ \$2,000,000 aggregate.	\$13,529

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECORD OF INSURANCE PROTECTION IN FORCE**

AS OF JUNE 30, 2004					Annual cost
Type of contract	Agent	Insurer	Policy number	Policy term	
Hull and Watercraft Liability Insurance for The Belle of Louisville, Spirit of Jefferson and Wharf Barge	Mauzy & Associates	Great American Insurance Company	AJG03-S2284	04/15/2004-04/15/2005	\$145,758
Limits					
Agreed Value of \$1,700,000 with a \$17,000 deductible for the Belle of Louisville, \$550,000 agreed amount with a \$5,500 deductible for the Spirit of Jefferson and \$300,000 agreed amount with a \$3,000 deductible on the Wharf Barge.					
\$1,000,000 Protections & Indemnity limit with a \$2,500 deductible, \$1,000,000 Longshoremen's Harbor Workers' Compensation with a \$2,500 deductible, Medical payments coverage at \$5,000					
Ocean Marine Policy for the Belle of Louisville, Spirit of Jefferson and Wharf Barge	Mauzy & Associates	St. Paul Fire and Marine Insurance Company	0312FB0830	04/15/2004-04/15/2005	\$23,760
Limits					
\$4,000,000 limit on Protection and Indemnity excess of primary limit					
Ocean Marine Policy for the Belle of Louisville, Spirit of Jefferson and Wharf Barge	Mauzy & Associates	New York Marine and General Insurance Company through Mutual Marine Office of the Midwest, Inc.	MMMWW No22230ML403	04/15/2004-04/15/2005	\$15,750
Limits					
\$15,000,000 limit on Protection and Indemnity excess of \$5,000,000					
Pollution Liability Coverage for the Belle of Louisville, Spirit of Jefferson and Wharf Barge	Mauzy & Associates	Great American Insurance Company of New York	OMH 346-11-18	04/15/2004-04/15/2005	\$2,632
Limits					
\$5,000,000 Limit of liability excess of \$5,000,000					
Annual cost					\$1,214,566 (subject to year end audit)
LIABILITY:					
Type of contract	Agent	Insurer	Policy number	Policy term	Annual cost
General Liability, Public Official Liability, Police Professional, Medical Professional (EMS) & Employers Liability (Excess)	Metro's Risk Management Division	Louisville Area Governmental Self Insurance Trust	LOU-04-00	07/01/2003-07/01/2004	\$1,214,566 (subject to year end audit)
Limits					
Up to \$7,000,000 per Occurrence, subject to a \$300,000 Deductible per Occurrence, except \$1,300,000 deductible on Employer's Liability (due to purchase of underlying Commercial Insurance Coverage).					
Separate Limits on U.S.T. Coverage: \$1,000,000 per Occurrence with an Aggregate lifetime Limit of \$5,000,000 subject to a \$25,000 per Occurrence deductible and a \$100,000 Aggregate lifetime deductible (per Occurrence deductible \$2,500 after Aggregate lifetime deductible met.) This coverage shall supplement and be excess of protection provided by the Kentucky U.S.T. State Assurance Fund.					
Also includes Underground Storage Tank Pollution Liability					
Covers Pollution Liability exposures created by Underground Storage Tanks.					
Public Official Liability for Jefferson County Clerk's Office	Metro's Risk Management Division	Louisville Area Governmental Self Insurance Trust	JCC-16-03	07/01/2003-07/01/2004	\$33,866 (subject to year end audit)
Limits					
\$5,000,000 per Occurrence, subject to a \$10,000 deductible					

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECORD OF INSURANCE PROTECTION IN FORCE
AS OF JUNE 30, 2004**

BONDS:

Type of contract	Agent	Insurer	Policy number	Policy term	Coverage	Limits	Annual cost
Government Crime Coverage	Sterling G. Thompson Company	St. Paul Fire and Marine Insurance Company	CRDS040702	04/01/2004 - continuous	Government Crime Coverage on all Metro employees including Police Officers Includes Specific Excess Indemnity on the Director of Finance and Budget/CFO and Administrator of Cash Management. Coverage includes Funds Transfer Fraud and Computer Fraud.	\$1,000,000 Limit per loss on Public Employee Theft & \$250,000 Faithful Performance Coverage on all employees including Police Officers. Includes Funds Transfer Fraud. \$500,000 Specific Excess Indemnity on the Director of Finance and Budget/CFO and Administrator of Cash Management \$10,000 deductible per loss. \$1,000,000 Computer Fraud Coverage included as are \$1,000,000 limits for Monies and Securities In and Out	\$11,079
Public Official Bond - Alcohol Beverage Control Administrator	Acordia of Kentucky	Fidelity & Deposit Company of Maryland	8610485	01/06/2003-continuous	Faithful Performance Public Official Bond on Alcohol Beverage Control Administrator, as per Ordinance 34.109.	\$1,000 Limit.	\$102
Public Official Bond-County Clerk	Sure-Linc Services, Inc.	Ohio Casualty Insurance Company	3-782-544-1	01/06/2003-01/06/2007	Faithful Performance Public Official Bond on County Clerk Barbara Holsclaw	\$500,000	\$1269
Public Official Bond-Deputy Coroners blanket bond	Sure-Linc Services, Inc.	Western Surety Company	58482897	01/01/2004-01/01/2005	Faithful Performance Public Official Bond on position of Deputy Coroner	\$2,000 each deputy	\$102
Public Official Bond-Coroner	Sure-Linc Services, Inc.	Western Surety Company	69436188	01/01/2003-01/01/2007	Faithful Performance Public Official Bond on position of Coroner, Ronald Holmes	\$10,000	\$102
Public Official Bond-Constable	Sure-Linc Services, Inc.	Western Surety Company	69436199	01/01/2003-01/01/2007	Faithful Performance Public Official Bond on position of Constable, Michael S. Thompson	\$10,000	\$102
Public Official Bond-Constable	Sure-Linc Services, Inc.	Western Surety Company	69436200	01/01/2003-01/01/2007	Faithful Performance Public Official Bond on position of Constable, John D. Zehnder	\$10,000	\$102
Public Official Bond-Constable	Sure-Linc Services, Inc.	Western Surety Company	69436196	01/01/2003-01/01/2007	Faithful Performance Public Official Bond on position of Constable, William Murphy Clark	\$10,000	\$102
Public Official Bond-Surveyor	Sure-Linc Services, Inc.	Western Surety Company	69437491	01/01/2003-01/01/2007	Faithful Performance Public Official Bond on position of Surveyor, Richard S. Matheny	\$10,000	\$102
Public Official Bond-County Road Engineer	Sure-Linc Services, Inc.	Ohio Casualty Insurance Company		01/09/2004-01/09/2005	Faithful Performance Public Official Bond on position of County Road Engineer Mark W. Adams	\$10,000	\$51

**LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECORD OF INSURANCE PROTECTION IN FORCE**

Public Official Bond- County Judge Executive	Sure-Linc Services, Inc.	Western Surety Company	69436194	AS OF JUNE 30, 2004 01/01/2003- 01/01/2007	Faithful Performance Public Official Bond on position of County Judge Executive, Kenneth A. Herndon	\$10,000	\$102
Type of contract	Agent	Insurer	Policy number	Policy term	Coverage	Limits	Annual cost
Public Official Bond- Clerk of Metro Government	Acordia of Kentucky	Fidelity and Deposit Company	08692902	01/06/2003- 01/06/2004	Faithful Performance of the office of Clerk, Kathleen Jo Herron	\$10,000	\$102
Revenue Bond	Independent Agents, Inc.	Ohio Casualty Insurance Company	3-4844-188-8	08/01/2002- 08/01/2003	Faithful Performance of Jefferson County Sheriff as collector of taxes, John Edward Aubrey	\$1,000,000	\$1852
GROUP:							
Type of contract	Agent	Insurer	Policy number	Policy term	Coverage	Limits	Annual cost
Group Life Insurance	NA	Prudential Life Insurance Company	G-0094132	01/01/2004- 01/01/2005	Group Term Life Insurance with Accidental Death and Dismemberment Coverage available to all full time City employees and County employees who work 17.50 hours per week or more. Supplemental life insurance and dependent life insurance available for purchase by employee.	In the event of death, basic coverage is \$5,000 for city union employees and one time annual salary, not to exceed \$50,000 for non-union city employees. All county employees receive \$15,000. Supplemental coverage is available in \$10,000 increments to \$50,000 then in \$25,000 increments starting at \$75,000, subject to a maximum of \$300,000 prior to age 70. \$2,500 is available for coverage on union dependents and \$5,000 for non-union dependents.	\$936,000 estimated
Group Long Term Disability (LTD)	NA	Hartford Life Insurance Company	GLT-205117	01/01/2004- 01/01/2005	Long Term Disability (LTD) Insurance for all eligible full time city employees. Police coverage was dropped 7-1-03 due to contract language. Designed to provide a monthly benefit to employees during periods of non- work related Total Disability.	90 day qualifying period. Employee then receives 50% of monthly earnings subject to a Maximum Schedule amount of \$4,000 per month. Also, optional coverage is available that would provide 60% of monthly earnings subject to a maximum schedule amount of \$5,000 per month.	\$300,000 estimated
Group Medical Plans	NA	Humana	D6270	01/01/2004- 01/01/2005	Healthcare insurance for employees and dependents.	Varies per plan on file in the Human Resources Department.	\$20,227,058 estimated including employee costs
Group Medical Plans	NA	Anthem	00027688	01/01/2004- 01/01/2005	Healthcare insurance for employees and dependents.	Varies per plan on file in the Human Resources Department.	\$7,696,022 estimated including employee costs

LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT
RECORD OF CONTRACTS IN FORCE
TO HANDLE INSURANCE PROGRAMS
AS OF JUNE 30, 2004

<u>Type of Contract</u>	<u>Company</u>	<u>Contract Number</u>	<u>Contract Period</u>	<u>Details of Contract</u>	<u>Annual Cost</u>
Workers' Compensation Claims Adjuster	Underwriters Safety & Claims, Inc.	20020718-1231	07/01/2003 – 06/30/2004	Claims adjusting service on Worker's Compensation claims for the Metro's Self-Insured Program. \$19,600 per month - Flat Fee	\$235,200
Actuarial Analysis & Rate Development For Self-Insurance Fund	MMC Enterprise Risk formerly William M. Mercer Company	21860	02/01/2004 – 01/01/2005	Consultant provides actuarial analysis, fund review, and rate development for the Metro's Self-Insured Auto Liability, Workers' Compensation and General Liability programs.	\$15,000
Consultant for Benefits, Classification and Compensation	Mercer Human Resources Consulting	PSC-2003-3721	07/01/2003 – 06/30/2004	Consultant providing assistance to Human Resource Department regarding employee benefits, compensation and classification. Billed at \$250 per hour not to exceed \$90,000.	Not to exceed \$90,000
Employee Assistance Program (EAP)	Magellan	603	01/01/2004 – 12/31/2004	Provide employee assistance program support and related training to Metro employees.	\$116,246.
Administration of Medical/Dependent Care/Transportation Reimbursement Plan	Wildcard Associates	PSC 2003-431	01/01/2004 – 12/31/2005	Provide Third Party Administration for Medical, Dependent Care and Transportation Reimbursement program. On a fee for Service Basis.	Not to exceed \$15,000